

**CITY OF FORT VALLEY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**For the fiscal year ended**  
**September 30, 2018**

**City of Fort Valley, Georgia  
Annual Financial Report  
For The Year Ended September 30, 2018**

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## **FINANCIAL SECTION**

**BUTLER, WILLIAMS & WYCHE, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
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MACON, GEORGIA 31210

**June 4, 2021**

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the City of Fort Valley, Georgia.

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

Except for the matter described in the "Basis for Disclaimer of Opinion" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Basis for Disclaimer of Opinions**

The internal control procedures of the City are deficient in regards to financial reporting and cannot be relied upon. Furthermore, the City was unable to provide adequate documentation to support the bank reconciliations and the related journal entries posted to revenues and expenditures, and therefore, we were unable to apply the auditing procedures necessary to form a conclusion about whether the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States. In addition, changes in management personnel precluded us from making the appropriate inquiries of these matters.

**Disclaimer of Opinions**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable cash flows thereof and the budgetary comparisons information for the General fund for the year then ended. Accordingly, we do not express an opinion on these financial statements.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 15), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (page 67), and the Schedule of City Contributions (page 68) 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 financial statements as a whole. The combining and individual nonmajor fund financial statements and the schedule of projects undertaken with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of projects undertaken with special sales tax proceeds 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. 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.

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 June 4, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Macon, Georgia

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Fort Valley, Georgia's ("the City") annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements, schedules and note disclosures following this section.

### Financial Highlights

- The City's assets exceeded its liabilities by \$8,237,665 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  - (1) Capital assets, net of related debt, of \$6,090,936 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$2,357,795 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
  - (3) Unrestricted net position of (\$211,066) represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$4,150,303 this year. This compares to the prior year ending fund balance of \$4,486,934 showing an decrease of \$336,631 during the current year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,622,601 or 26% of total general fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public works, culture and recreation, and housing and development. Business-type activities include the sanitation program.

The government-wide financial statements are presented on pages 16 - 18 of this report.

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

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic financial statements also include a budgetary comparison statement for the general fund.

The basic governmental fund financial statements are presented on pages 19 - 23 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

The *proprietary fund* is reported in the fund financial statements and generally reports sanitation services for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 24 – 26 of this report.

The *fiduciary fund* type is a library endowment trust fund which provides resources to the library and its statements are presented on pages 27 and 28.

The combining statements for the discretely presented component units are presented on pages 29 and 30.

### ***Notes to the Basic Financial Statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

**Supplementary Information**

Combining and comparative individual statements and schedules for non-major funds are presented as supplementary information in this report beginning on page 69.

**Financial Analysis of the City as a Whole**

The City's net position at fiscal year-end was \$8,237,665. The following table provides a summary of the City's net position:

**Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current assets	\$ 5,188,602	\$ 4,724,940	\$ (37,128)	\$ (47,559)	\$ 5,151,474	\$ 4,677,381
Capital assets	6,137,249	5,788,927	340,548	173,777	6,477,797	5,962,704
Total assets	<u>11,325,851</u>	<u>10,513,867</u>	<u>303,420</u>	<u>126,218</u>	<u>11,629,271</u>	<u>10,640,085</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>344,416</u>	<u>283,282</u>	<u>56,904</u>	<u>46,116</u>	<u>401,320</u>	<u>329,398</u>
Liabilities:						
Current liabilities	1,127,267	416,228	122,939	67,020	1,250,206	483,248
Long-term liabilities	1,922,187	2,009,705	407,195	292,848	2,329,382	2,302,553
Total liabilities	<u>3,049,454</u>	<u>2,425,933</u>	<u>530,134</u>	<u>359,868</u>	<u>3,579,588</u>	<u>2,785,801</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>184,412</u>	<u>29,577</u>	<u>28,926</u>	<u>1,602</u>	<u>213,338</u>	<u>31,179</u>
Net position:						
Net investment in capital assets (Note 3H)	6,012,500	5,642,212	78,436	80,276	6,090,936	5,722,488
Restricted for:						
Restricted-Capital Projects	2,291,289	2,573,611	-	-	2,291,289	2,573,611
Restricted-Public Safety	66,506	38,032	-	-	66,506	38,032
Restricted-Program Purposes	-	-	-	-	-	-
Unrestricted	66,106	87,784	(277,172)	(269,412)	(211,066)	(181,628)
Total net position	<u>\$ 8,436,401</u>	<u>\$ 8,341,639</u>	<u>\$ (198,736)</u>	<u>\$ (189,136)</u>	<u>\$ 8,237,665</u>	<u>\$ 8,152,503</u>

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 4.6 to 1, as compared to 11.35 to 1 at September 30, 2017. The current ratio for the business-type activities at September 30, 2018 is -.30 to 1 as compared to -.71 to 1 at September 30, 2017. For the City overall, the current ratio is 4.12 to 1 as compared to 9.68 to 1 at September 30, 2017.

The City reported positive balances in net position for governmental activities and negative balances in net position for the business-type activities. Net position increased \$17,762 for governmental activities and decreased by \$9,600 for business-type activities. The City's overall financial position increased by \$8,162 over the prior year.

Note that approximately 71% of the governmental activities' net position is tied up in capital. This compares to 68% at September 30, 2017. The City uses these capital assets to provide services to its citizens. 74% of the City's total net position is included in capital assets as compared to 70% at September 30, 2017.

The following table provides a summary of the City's changes in net position.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program:						
Charges for services	\$ 622,887	\$ 334,449	\$ 1,097,330	\$ 1,153,176	\$ 1,720,217	\$ 1,487,625
Operating grants	10,990	19,435	-	-	10,990	19,435
Capital grants & contributions	997,269	871,997	-	-	997,269	871,997
General:						
Taxes	4,346,691	4,737,063	-	-	4,346,691	4,737,063
Intergovernmental	1,097,030	352,670	-	-	1,097,030	352,670
Other	36,253	43,799	587	1,245	36,840	45,044
Total revenues	<u>7,111,120</u>	<u>6,359,413</u>	<u>1,097,917</u>	<u>1,154,421</u>	<u>8,209,037</u>	<u>7,513,834</u>
Program expenses:						
General government	1,031,709	927,114	-	-	1,031,709	927,114
Judicial	70,200	68,144	-	-	70,200	68,144
Public safety	3,750,552	3,463,644	-	-	3,750,552	3,463,644
Public works	1,486,192	1,281,020	-	-	1,486,192	1,281,020
Culture and recreation	506,689	530,626	-	-	506,689	530,626
Housing and development	187,858	247,671	-	-	187,858	247,671
Interest	6,579	4,812	-	-	6,579	4,812
Sanitation	-	-	1,161,096	1,236,232	1,161,096	1,236,232
Total expenses	<u>7,039,779</u>	<u>6,523,031</u>	<u>1,161,096</u>	<u>1,236,232</u>	<u>8,200,875</u>	<u>7,759,263</u>
Excess (deficiency)	71,341	(163,618)	(63,179)	(81,811)	8,162	(245,429)
Transfers	(53,579)	-	53,579	-	-	-
Net changes in net position	17,762	(163,618)	(9,600)	(81,811)	8,162	(245,429)
Beginning net position	8,341,639	8,505,257	(189,136)	(107,325)	8,152,503	8,397,932
Prior Year Adjustment	<u>77,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>-</u>
Ending net position	<u>\$ 8,436,401</u>	<u>\$ 8,341,639</u>	<u>\$ (198,736)</u>	<u>\$ (189,136)</u>	<u>\$ 8,237,665</u>	<u>\$ 8,152,503</u>

GOVERNMENTAL REVENUES

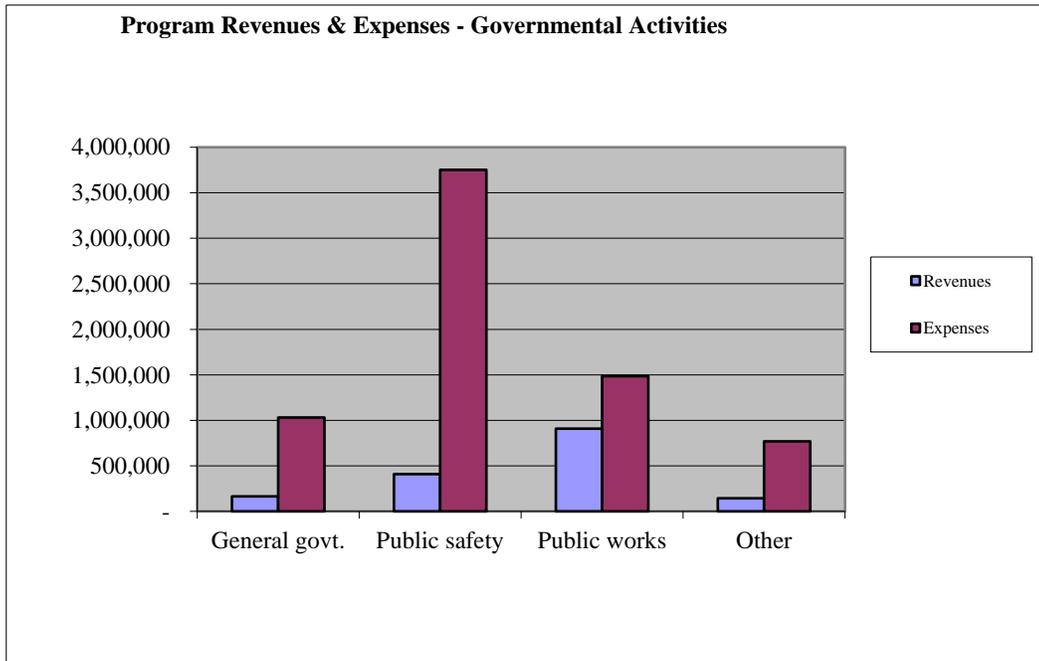
In total, taxes make up 61% of the total revenues stream. This percentage compares to 75% in 2017. Property taxes make up 31.5% of revenues and the local option sales taxes make up 22% of total revenues. These percentages compare to 27% and to 16.5% respectively for 2017.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

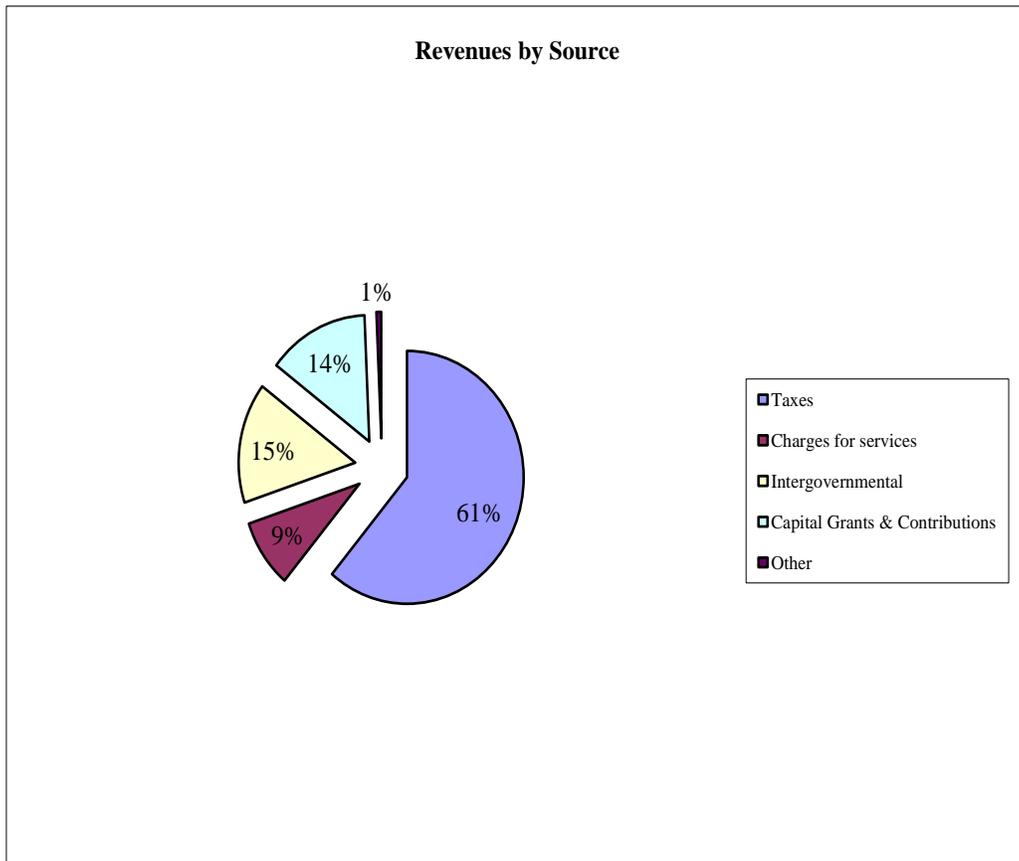
This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,031,709	\$ 867,418	\$ 927,114	\$ 792,741
Judicial	70,200	70,200	68,144	68,144
Public safety	3,750,552	3,340,372	3,463,644	3,286,887
Public works	1,486,192	575,508	1,281,020	553,361
Culture and recreation	506,689	474,567	530,626	466,634
Housing and development	187,858	73,989	247,671	124,571
Interest	6,579	6,579	4,812	4,812
Total	<u>\$ 7,039,779</u>	<u>\$ 5,408,633</u>	<u>\$ 6,523,031</u>	<u>\$ 5,297,150</u>

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### BUSINESS-TYPE ACTIVITIES

The City's only enterprise fund is the sanitation fund. Net position decreased by \$9,600 to (\$198,736) at September 30, 2018, compared to (\$189,136) at September 30, 2017. The City has helped the net position by replacing some aging vehicles but still struggle with high fuel costs and increases in the cost of waste disposal. To help offset the cost of operations, the City previously increased garbage collection fees on commercial customers, continues regular repair and maintenance schedule of all vehicles and added several commercial customers as well and increased collection efforts on past due accounts.

The following table compares the operations for the last three years:

**Summary of Net Position**

	<u>September 30, 2018</u>		<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Assets:						
Current assets	\$ 289,213	46%	\$ 248,802	59%	\$ 339,537	60%
Capital assets	340,548	54%	173,777	41%	227,110	40%
Total assets	<u>\$ 629,761</u>	<u>100%</u>	<u>\$ 422,579</u>	<u>100%</u>	<u>\$ 566,647</u>	<u>100%</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>56,904</u>	<u>100%</u>	<u>46,116</u>	<u>100%</u>	<u>34,929</u>	<u>100%</u>
Liabilities:						
Current liabilities	\$ 449,280	52%	\$ 363,381	55%	\$ 410,122	58%
Non-current liabilities	407,195	48%	292,848	45%	296,561	42%
Total liabilities	<u>856,475</u>	<u>100%</u>	<u>656,229</u>	<u>100%</u>	<u>706,683</u>	<u>100%</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>28,926</u>	<u>100%</u>	<u>1,602</u>	<u>100%</u>	<u>2,218</u>	<u>100%</u>
Net Position:						
Net investment in capital assets	78,436	-39%	80,276	-42%	104,216	-97%
Unrestricted	<u>(277,172)</u>	<u>139%</u>	<u>(269,412)</u>	<u>142%</u>	<u>(211,541)</u>	<u>197%</u>
Total net position	<u>\$ (198,736)</u>	<u>100%</u>	<u>\$ (189,136)</u>	<u>100%</u>	<u>\$ (107,325)</u>	<u>100%</u>

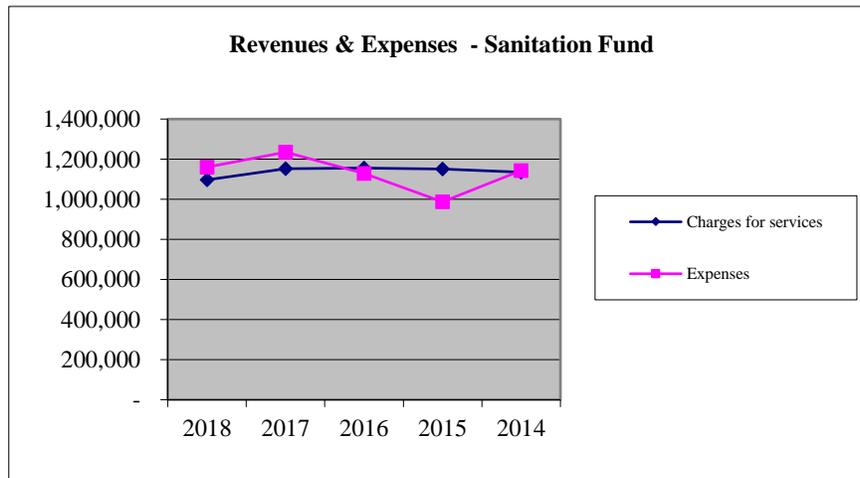
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	2018		2017		2016	
	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total
Revenues:						
Charges for services	\$ 1,097,330	99.9%	\$ 1,153,176	99.9%	\$ 1,155,928	99.7%
Investment earnings	587	0.1%	1,245	0.1%	436	0.0%
Gain on sale of capital assets	-	0.0%	-	0.0%	3,284	0.3%
Total revenues	<u>1,097,917</u>	<u>100.0%</u>	<u>1,154,421</u>	<u>100.0%</u>	<u>1,159,648</u>	<u>100.0%</u>
Expenses:						
Personal services	580,921	50.0%	573,520	46.4%	520,833	45.8%
Purchased services	311,809	26.9%	374,869	30.3%	307,677	27.0%
Materials and supplies	179,917	15.5%	217,223	17.6%	214,514	18.9%
Bad debt	-	0.0%	13,649	1.1%	25,086	2.2%
Depreciation	78,062	6.7%	53,333	4.3%	64,919	5.7%
Interest	10,387	0.9%	3,638	0.3%	4,483	0.4%
Total expenses	<u>1,161,096</u>	<u>100.0%</u>	<u>1,236,232</u>	<u>100.0%</u>	<u>1,137,512</u>	<u>100.0%</u>
Excess (deficiency)	(63,179)		(81,811)		22,136	
Contributions	-		-		-	
Transfers	<u>53,579</u>		<u>-</u>		<u>-</u>	
Net change	(9,600)		(81,811)		22,136	
Beginning net position	<u>(189,136)</u>		<u>(107,325)</u>		<u>(129,461)</u>	
Ending net position	<u>\$ (198,736)</u>		<u>\$ (189,136)</u>		<u>\$ (107,325)</u>	

### BUSINESS-TYPE ACTIVITIES ANALYSIS

**2017 Analysis** - Charges for services decreased slightly by \$2,752 as compared to fiscal year 2016. Total operating expenses increased by \$98,720. The majority of the increase in expense were related to personal services and purchased services at \$52,687 and \$67,192 respectively. These expenses increased due to an increase in the cost to dispose of yard debris.

**2018 Analysis** - Charges for services decreased \$55,846 from fiscal year 2017. Personal service costs were up \$7,401. This was mainly due to the reallocation of that cost among the departments. Materials and supplies experienced a significant decrease of \$37,306. Total operating expenses decreased significantly by \$81,885.



**Financial Analysis of the City's Funds**

**Governmental Funds**

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$4,150,303 as compared to \$4,409,934 at September 30, 2017. Of the City's \$4,150,303 fund balance, \$66,506 is restricted for Public Safety Technology and \$2,291,289 is restricted for SPLOST capital projects. \$165,943 is assigned for Contingencies.

The total ending fund balances of governmental funds show a decrease of \$336,631 or 5.9% decrease from the prior year.

**Major Governmental Funds**

**General Fund** - The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by \$43,326. In fiscal year 2017, the fund balance decreased \$463,208.

Total revenues increased \$566,585 in 2018. Total taxes decreased \$385,057. Property taxes in 2018 were up \$3,610 compared to 2017. The local option sales taxes increased \$184,157, while Franchise tax decreased and Insurance premium tax increased \$638,237 and \$39,144 respectively.

Expenditures in total increased \$181,118. General government increased \$110,748. Public safety function was up \$198,301. This increase relates primarily to increased salaries, repair and maintenance cost and increased insurance cost. Public Works increased \$68,336 and Housing and Development decreased \$112,354.

**SPLOST 2008 Capital Projects Fund** - In 2008, the citizens authorized the County through referendum, to levy a 1% special purpose local option sales tax. The City will receive 12.5% of the proceeds until total collections reach the estimated amount of \$24,000,000. If collections from the Special Sales Tax exceed the estimated amount of \$24,000,000, then the city shall receive 25% of the special sales tax. A total of \$1,587 was received on investment earnings.

***SPLOST 2015 Capital Projects Fund*** – In 2011, the citizens authorized the County through referendum, to levy a 1% special purpose local option sales tax. The City will receive 18% of the proceeds until total collections reach the estimated amount of \$21,700,000. If collections from the Special Sales Tax exceed the estimated amount of \$21,700,000, the City shall receive 25% of the special sales tax. In fiscal year 2018, the City received \$714,762 in tax proceeds. A total of \$397,799 was expended on various capital projects.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2018, was \$6,012,500 and \$78,436 respectively. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

*(This page continued on the subsequent page.)*

The following table provides a summary of capital asset activity.

	<b>Capital Assets</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Non-depreciable assets						
Land	\$ 731,155	\$ 731,155	\$ -	\$ -	\$ 731,155	\$ 731,155
Construction in progress	-	-	-	-	-	-
Total non-depreciable assets	<u>731,155</u>	<u>731,155</u>	<u>-</u>	<u>-</u>	<u>731,155</u>	<u>731,155</u>
Depreciable assets:						
Buildings	2,545,882	2,475,972	-	-	2,545,882	2,475,972
Infrastructure	1,945,408	1,945,408	-	-	1,945,408	1,945,408
Improvements	1,222,438	1,079,875	-	-	1,222,438	1,079,875
Machinery and equipment	3,927,790	3,802,543	1,581,252	1,336,419	5,509,042	5,138,962
Total depreciable assets	<u>9,641,518</u>	<u>9,303,798</u>	<u>1,581,252</u>	<u>1,336,419</u>	<u>11,222,770</u>	<u>10,640,217</u>
Less accumulated depreciation	<u>4,235,424</u>	<u>4,246,026</u>	<u>1,240,704</u>	<u>1,162,642</u>	<u>5,476,128</u>	<u>5,408,668</u>
Book value-depreciable assets	<u>5,406,094</u>	<u>5,057,772</u>	<u>340,548</u>	<u>173,777</u>	<u>5,746,642</u>	<u>5,231,549</u>
Percentage depreciated	<u>44%</u>	<u>46%</u>	<u>78%</u>	<u>87%</u>	<u>49%</u>	<u>51%</u>
Book value-all assets	<u>\$ 6,137,249</u>	<u>\$ 5,788,927</u>	<u>\$ 340,548</u>	<u>\$ 173,777</u>	<u>\$ 6,477,797</u>	<u>\$ 5,962,704</u>

**Long-term Debt**

**Outstanding Borrowings**

	Governmental Activities		Business-type Activities		Totals		% Change
	2018	2017	2018	2017	2018	2017	
Capital leases	\$ 124,749	\$ 146,715	\$ 262,112	\$ 93,501	\$ 386,861	\$ 240,216	61%
Net Pension Liability	1,537,021	1,570,124	221,359	227,201	1,758,380	1,797,325	-2%
Employer funded death benefit	183,572	195,948	-	-	183,572	195,948	-6%
Compensated absences	165,813	198,140	15,118	16,061	180,931	214,201	-16%
<b>Total</b>	<b>\$ 2,011,155</b>	<b>\$ 2,110,927</b>	<b>\$ 498,589</b>	<b>\$ 336,763</b>	<b>\$ 2,509,744</b>	<b>\$ 2,447,690</b>	<b>3%</b>

The City acquired no additional debt or capital leases for fiscal year 2018. The Sanitation Fund acquired \$244,833 in additional debt or capital leases during fiscal year 2018.

See Note 3-F for additional information about the City's long-term debt.

**Economic Conditions Affecting the City**

The City is the county seat for Peach County, Georgia, and is one of two incorporated cities within the County. The City's primary property taxpayer is *Blue Bird Body Company*, a manufacturer of buses. This taxpayer pays 27% of the total City property taxes.

Based upon the 2020 U.S. Bureau of Census, the City average household size is 2.28. Approximately 76.2% of the population is a high school graduate or higher and 15.9% has a bachelor's degree or higher. These percentages are slightly below the state of Georgia's averages.

The median household income is \$22,613 or only 38.5% of the state average. The per capital income is approximately \$15,964 compared to \$31,067 for the state. About 41.5% of the City's population is below the United States poverty level.

We anticipate the construction of a hotel and conference center that will bring in additional revenue.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Finance Director at Post Office Box 956, Fort Valley, Georgia, 31030.

## **BASIC FINANCIAL STATEMENTS**

**City of Fort Valley, Georgia**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 3A)	\$ 3,321,868	\$ 72,376	\$ 3,394,244	\$ 3,416,777
Investments (Note 3A)	-	-	-	5,296,243
Receivables:				
Accounts	85,396	38,007	123,403	3,428,969
Taxes	169,807	-	169,807	-
Intergovernmental	1,285,190	178,830	1,464,020	-
Interest	-	-	-	8,612
Internal	326,341	(326,341)	-	-
Inventory	-	-	-	543,392
Prepaid items	-	-	-	107,902
<b>Non-current Assets:</b>				
Restricted assets	-	-	-	2,773,503
Capital assets: (Note 3D)				
Non-depreciable capital assets	731,155	-	731,155	2,792,229
Depreciable capital assets, net	5,406,094	340,548	5,746,642	34,107,176
<b>Total Assets</b>	<b>11,325,851</b>	<b>303,420</b>	<b>11,629,271</b>	<b>52,474,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	344,416	56,904	401,320	237,921
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	185,981	25,992	211,973	1,509,963
Accrued expenses	78,303	5,353	83,656	160,434
Intergovernmental payable	27,187	-	27,187	1,180,467
Sales taxes payable	-	-	-	41,400
Accrued interest	2,228	-	2,228	-
Compensated absences payable	66,325	13,020	79,345	170,728
Intergovernmental notes payable	-	-	-	57,500
Notes payable	744,600	-	744,600	395,034
Capital leases payable	22,643	78,574	101,217	-
<b>Long-term Liabilities:</b> (Note 3F)				
Customer deposits	-	-	-	552,390
Net pension liability	1,537,021	221,359	1,758,380	972,271
Compensated absences payable (net of current portion)	99,488	2,298	101,786	85,620
Accrued death benefits payable	183,572	-	183,572	-
Capital leases payable (net of current portion)	102,106	183,538	285,644	-
Notes payable (net of current portion)	-	-	-	2,835,358
<b>Total Liabilities</b>	<b>3,049,454</b>	<b>530,134</b>	<b>3,579,588</b>	<b>7,961,165</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	184,412	28,926	213,338	459,983
<b>Net Position:</b>				
Net investment in capital assets (Note 3H)	6,012,500	78,436	6,090,936	33,669,013
Restricted for:				
Capital projects	2,291,289	-	2,291,289	-
Public safety	66,506	-	66,506	-
New electric generation	-	-	-	1,401,924
Restricted for pledged collateral - construction loan	-	-	-	1,371,579
Unrestricted	66,106	(277,172)	(211,066)	7,849,060
<b>Total Net Position</b>	<b>\$ 8,436,401</b>	<b>\$ (198,736)</b>	<b>\$ 8,237,665</b>	<b>\$ 44,291,576</b>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Statement of Activities**  
**For the Year Ended September 30, 2018**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
General government	\$ 1,031,709	\$ 153,301	\$ 10,990	\$ -
Judicial	70,200	-	-	-
Public safety	3,750,552	410,180	-	-
Public works	1,486,192	36,600	-	874,084
Culture and recreation	506,689	22,806	-	9,316
Housing and development	187,858	-	-	113,869
Interest	6,579	-	-	-
<b>Total Governmental Activities</b>	<u>7,039,779</u>	<u>622,887</u>	<u>10,990</u>	<u>997,269</u>
<b>Business-type Activities</b>				
Sanitation	1,161,096	1,097,330	-	-
<b>Total Primary Government</b>	<u>\$ 8,200,875</u>	<u>\$ 1,720,217</u>	<u>\$ 10,990</u>	<u>\$ 997,269</u>
<b>Component Units</b>				
Fort Valley Utility Commission	22,054,108	21,816,470	-	38,062
Main Street/Downtown Development Authority	194,601	37,237	15,405	3,940
<b>Total Component Units</b>	<u>\$ 22,248,709</u>	<u>\$ 21,853,707</u>	<u>\$ 15,405</u>	<u>\$ 42,002</u>

**General Revenues**

Property taxes levied for general government purposes  
Alcoholic beverage tax  
Local option sales tax  
Insurance premium tax  
Franchise tax  
Hotel/motel tax  
Unrestricted intergovernmental  
Investment earnings  
Miscellaneous

**Total General Revenues**

Transfers in/(out)

**Total General Revenues and Transfers**

**Change in Net Position**

**Net position, beginning of year**

**Prior Period Adjustment**

**Net position, end of year**

See accompanying notes to the basic financial statements.

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (867,418)	\$ -	\$ (867,418)	\$ -
(70,200)	-	(70,200)	-
(3,340,372)	-	(3,340,372)	-
(575,508)	-	(575,508)	-
(474,567)	-	(474,567)	-
(73,989)	-	(73,989)	-
(6,579)	-	(6,579)	-
(5,408,633)	-	(5,408,633)	-
-	(63,766)	(63,766)	-
(5,408,633)	(63,766)	(5,472,399)	-
-	-	-	(199,576)
-	-	-	(138,019)
-	-	-	(337,595)
1,726,547	-	1,726,547	-
164,114	-	164,114	-
1,229,265	-	1,229,265	-
652,314	-	652,314	-
553,807	-	553,807	-
20,644	-	20,644	-
1,097,030	-	1,097,030	-
765	587	1,352	53,659
35,488	-	35,488	713,744
5,479,974	587	5,480,561	767,403
(53,579)	53,579	-	-
5,426,395	54,166	5,480,561	767,403
17,762	(9,600)	8,162	429,808
8,341,639	(189,136)	8,152,503	43,861,768
77,000	-	77,000	-
<u>\$ 8,436,401</u>	<u>\$ (198,736)</u>	<u>\$ 8,237,665</u>	<u>\$ 44,291,576</u>

**City of Fort Valley, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<u>General</u>	<u>2008 SPLOST Fund</u>	<u>2015 SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,053,368	\$ 1,419,554	\$ 844,949	\$ 3,997	\$ 3,321,868
Receivables:					
Accounts	85,396	-	-	-	85,396
Taxes	169,028	-	-	779	169,807
Intergovernmental	1,157,748	-	127,442	-	1,285,190
Interfund	406,037	5,200	22,965	-	434,202
<b>Total Assets</b>	<u>\$ 2,871,577</u>	<u>\$ 1,424,754</u>	<u>\$ 995,356</u>	<u>\$ 4,776</u>	<u>\$ 5,296,463</u>
 <b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 141,244	\$ -	\$ 44,102	\$ 635	\$ 185,981
Accrued expenditures	78,303	-	-	-	78,303
Interfund payable	22,965	79,596	5,200	100	107,861
Intergovernmental payable	27,187	-	-	-	27,187
Notes payable	744,600	-	-	-	744,600
Accrued interest payable	2,228	-	-	-	2,228
<b>Total Liabilities</b>	<u>1,016,527</u>	<u>79,596</u>	<u>49,302</u>	<u>735</u>	<u>1,146,160</u>
 <b>Fund Balances:</b>					
Restricted for:					
Public safety technology	66,506	-	-	-	66,506
SPLOST capital projects	-	1,345,158	946,054	77	2,291,289
Assigned for:					
Contingencies	165,943	-	-	-	165,943
Other	-	-	-	3,964	3,964
Unassigned	1,622,601	-	-	-	1,622,601
<b>Total Fund Balances</b>	<u>1,855,050</u>	<u>1,345,158</u>	<u>946,054</u>	<u>4,041</u>	<u>4,150,303</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,871,577</u>	<u>\$ 1,424,754</u>	<u>\$ 995,356</u>	<u>\$ 4,776</u>	<u>\$ 5,296,463</u>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**September 30, 2018**

**Total Governmental Fund Balances** \$ 4,150,303

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

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

Cost of capital assets	\$ 10,372,673	
Less accumulated depreciation	<u>(4,235,424)</u>	6,137,249

Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:

Interfund receivables	\$ (744,600)	
Interfund payables	<u>744,600</u>	-

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of future period; therefore, are not reported in the funds: 344,416

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

Capital leases	\$ (124,749)	
Pension	(1,537,021)	
Deferred Inflows of resources related to pension	(184,412)	
Compensated absences	(165,813)	
Accrued death benefits	<u>(183,572)</u>	<u>(2,195,567)</u>

**Net Position of Governmental Activities** **\$ 8,436,401**

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	<u>General</u>	<u>2008 SPLOST Fund</u>	<u>2015 SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 4,326,047	\$ -	\$ -	\$ 20,644	\$ 4,346,691
Licenses and permits	117,466	-	-	-	117,466
Intergovernmental	1,263,433	-	714,762	113,869	2,092,064
Charges for services	71,723	-	-	-	71,723
Fines and forfeitures	335,783	-	-	-	335,783
Investment earnings	765	1,587	647	-	2,999
Contributions	10,990	-	-	-	10,990
Miscellaneous	35,488	-	-	-	35,488
<b>Total Revenues</b>	<u>6,161,695</u>	<u>1,587</u>	<u>715,409</u>	<u>134,513</u>	<u>7,013,204</u>
<b>Expenditures:</b>					
Current:					
General government	1,018,680	-	-	-	1,018,680
Judicial	75,488	-	-	-	75,488
Public safety	3,458,740	-	-	-	3,458,740
Public works	1,138,686	111,024	-	-	1,249,710
Culture and recreation	493,429	-	-	-	493,429
Housing and development	31,289	-	-	156,600	187,889
Capital Outlay	-	407,611	397,799	-	805,410
Debt Service:					
Principal retirement	21,966	-	-	-	21,966
Interest and fiscal charges	6,579	-	-	-	6,579
<b>Total Expenditures</b>	<u>6,244,857</u>	<u>518,635</u>	<u>397,799</u>	<u>156,600</u>	<u>7,317,891</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(83,162)</u>	<u>(517,048)</u>	<u>317,610</u>	<u>(22,087)</u>	<u>(304,687)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of capital assets	21,635	-	-	-	21,635
Transfers in	18,201	-	-	-	18,201
Transfers out	-	-	(53,579)	(18,201)	(71,780)
<b>Total Other Financing Sources (Uses)</b>	<u>39,836</u>	<u>-</u>	<u>(53,579)</u>	<u>(18,201)</u>	<u>(31,944)</u>
<b>Net Change in Fund Balances</b>	(43,326)	(517,048)	264,031	(40,288)	(336,631)
<b>Fund Balances, Beginning of Year</b>	1,821,376	1,862,206	682,023	44,329	4,409,934
Prior period adjustment	77,000	-	-	-	77,000
<b>Fund Balances, End of Year</b>	<u>\$ 1,855,050</u>	<u>\$ 1,345,158</u>	<u>\$ 946,054</u>	<u>\$ 4,041</u>	<u>\$ 4,150,303</u>

See accompanying notes to the basic 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, 2018**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (336,631)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (458,018)	
Capital outlay	<u>841,600</u>	383,582

The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement. (35,260)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position. 21,966

Accrued death benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 9/30/17	\$ 195,948	
Liability @ 9/30/18	<u>(183,572)</u>	12,376

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

Net pension liability @ 12/31/17	\$ 1,570,124	
Net pension liability @ 12/31/18	<u>(1,537,021)</u>	33,103

Deferred Outflows of Resources @ 12/31/17	\$ (283,282)	
Deferred Outflows of Resources @ 12/31/18	<u>344,416</u>	61,134

Deferred Inflows of Resources @ 12/31/17	\$ 29,577	
Deferred Inflows of Resources @ 12/31/18	<u>(184,412)</u>	(154,835)

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 9/30/17	\$ 198,140	
Liability @ 9/30/18	<u>(165,813)</u>	<u>32,327</u>

**Change in Net Position of Governmental Activities** **\$ 17,762**

**City of Fort Valley, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Taxes	\$ 4,779,339	\$ 4,776,407	\$ 4,326,047	\$ (450,360)
Licenses and permits	112,000	112,000	117,466	5,466
Intergovernmental	459,299	459,299	1,263,433	804,134
Charges for services	50,520	55,520	71,723	16,203
Fines and forfeitures	135,000	235,000	335,783	100,783
Investment earnings	1,000	1,000	765	(235)
Contributions	26,000	26,000	10,990	(15,010)
Miscellaneous	5,000	5,000	35,488	30,488
<b>Total Revenues</b>	<u>5,568,158</u>	<u>5,670,226</u>	<u>6,161,695</u>	<u>491,469</u>
<b>Expenditures:</b>				
Current:				
General government	854,423	1,030,211	1,018,680	(11,531)
Judicial	65,137	75,488	75,488	-
Public safety	3,616,579	3,910,832	3,458,740	(452,092)
Public works	1,064,667	1,147,629	1,138,686	(8,943)
Culture and recreation	490,506	510,406	493,429	(16,977)
Housing and development	31,236	31,289	31,289	-
Health insurance	424,622	-	-	-
Debt Service:				
Principal retirement	20,000	21,966	21,966	-
Interest and fiscal charges	4,000	6,579	6,579	-
<b>Total Expenditures</b>	<u>6,571,170</u>	<u>6,734,400</u>	<u>6,244,857</u>	<u>(489,543)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,003,012)</u>	<u>(1,064,174)</u>	<u>(83,162)</u>	<u>981,012</u>
<b>Other Financing Sources:</b>				
Sale of capital assets	-	12,265	21,635	9,370
Transfers in	-	-	18,201	18,201
<b>Total Other Financing Sources</b>	<u>-</u>	<u>12,265</u>	<u>39,836</u>	<u>27,571</u>
<b>Net Change in Fund Balances</b>	(1,003,012)	(1,051,909)	(43,326)	1,008,583
<b>Fund Balances, Beginning of Year</b>	1,821,376	1,821,376	1,821,376	-
Prior period adjustment	-	-	77,000	-
<b>Fund Balances, End of Year</b>	<u>\$ 818,364</u>	<u>\$ 769,467</u>	<u>\$ 1,855,050</u>	<u>\$ 1,008,583</u>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Comparative Statement of Net Position**  
**Proprietary Fund - Sanitation Fund**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 72,376	\$ 30,730
Receivables:		
Accounts	38,007	55,226
Intergovernmental	178,830	162,846
<b>Total Current Assets</b>	<b>289,213</b>	<b>248,802</b>
<b>Non-current Assets:</b>		
Capital Assets:		
Depreciable capital assets, net	340,548	173,777
<b>Total Assets</b>	<b>629,761</b>	<b>422,579</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	56,904	46,116
 <b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable	25,992	23,105
Accrued expenses	5,353	-
Interfund payable	326,341	296,361
Compensated absences payable	13,020	13,652
Capital leases payable	78,574	30,263
<b>Total Current Liabilities</b>	<b>449,280</b>	<b>363,381</b>
<b>Long-term Liabilities:</b>		
Net pension liability	221,359	227,201
Capital leases payable (net of current portion)	183,538	63,238
Compensated absences payable (net of current portion)	2,298	2,409
<b>Total Long-term Liabilities</b>	<b>407,195</b>	<b>292,848</b>
<b>Total Liabilities</b>	<b>856,475</b>	<b>656,229</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	28,926	1,602
 <b>Net Position:</b>		
Net investment in capital assets	78,436	80,276
Unrestricted	(277,172)	(269,412)
<b>Total Net Position</b>	<b>\$ (198,736)</b>	<b>\$ (189,136)</b>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Comparative Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund - Sanitation Fund**  
**For the Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Revenues:</b>		
Charges for services	\$ 1,097,330	\$ 1,153,176
<b>Operating Expenses:</b>		
Personal services	580,921	573,520
Purchased services	311,809	374,869
Materials and supplies	179,917	217,223
Bad Debt	-	13,649
Depreciation	78,062	53,333
<b>Total Operating Expenses</b>	<b>1,150,709</b>	<b>1,232,594</b>
<b>Operating Income (Loss)</b>	<b>(53,379)</b>	<b>(79,418)</b>
<b>Non-operating Revenues (Expenses):</b>		
Interest and fiscal charges	(10,387)	(3,638)
Investment earnings	587	1,245
<b>Total Non-operating Revenues</b>	<b>(9,800)</b>	<b>(2,393)</b>
<b>Income (Loss) before Contributions</b>	<b>(63,179)</b>	<b>(81,811)</b>
Transfers in	53,579	-
<b>Change in Net Position</b>	<b>(9,600)</b>	<b>(81,811)</b>
<b>Net Position, Beginning of Year</b>	<b>(189,136)</b>	<b>(107,325)</b>
<b>Net Position, End of Year</b>	<b>\$ (198,736)</b>	<b>\$ (189,136)</b>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Statement of Cash Flows**  
**Proprietary Fund - Sanitation Fund**  
**For the Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Increase in Cash and Cash Equivalents:</b>		
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 1,098,565	\$ 1,139,746
Cash payments to employees for services	(565,617)	(555,388)
Cash payments for goods and services	(488,839)	(601,474)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>44,109</b>	<b>(17,116)</b>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Interfund payable	29,980	(41,614)
Transfers in	53,579	-
<b>Net Cash Provided by (Used in) Non-capital Financing Activities</b>	<b>83,559</b>	<b>(41,614)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Principal paid on notes	168,611	(29,393)
Interest paid on notes	(10,387)	(3,638)
Payments for capital acquisitions	(244,833)	-
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>(86,609)</b>	<b>(33,031)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment earnings	587	1,245
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>41,646</b>	<b>(90,516)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>30,730</b>	<b>121,246</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 72,376</b>	<b>\$ 30,730</b>
<b>Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities</b>		
<b>Operating (Loss)</b>	<b>\$ (53,379)</b>	<b>\$ (79,418)</b>
<b>Adjustments:</b>		
Depreciation	78,062	53,333
<b>(Increase) Decrease in:</b>		
Accounts receivable	17,219	614
Intergovernmental receivable	(15,984)	(395)
Deferred outflows of resources in pensions	(10,788)	(11,187)
<b>Increase (Decrease) in:</b>		
Accounts payable	2,887	(9,382)
Accrued expenses	5,353	-
Net pension liability	(5,842)	25,954
Compensated absences payable	(743)	3,981
Deferred inflows of resources in pensions	27,324	(616)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 44,109</b>	<b>\$ (17,116)</b>
<b>Noncash Capital and Related Financing Activities:</b>		
Initiation of capital lease	\$ -	\$ -

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Comparative Statement of Fiduciary Net Position**  
**Fiduciary Fund - Library Endowment Trust Fund**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,079	\$ 5,022
Interest receivable	30,922	30,922
<b>Total Assets</b>	<b>\$ 36,001</b>	<b>\$ 35,944</b>
<b>Net Position:</b>		
Held in trust for library purposes	\$ 36,001	\$ 35,944

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Comparative Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund - Library Endowment Trust Fund**  
**For the Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Additions:</b>		
Investment earnings	\$ 57	\$ 45
<b>Deductions:</b>		
Culture and recreation	-	-
<b>Change in Net Position</b>	57	45
<b>Net Position, Beginning of Year</b>	35,944	35,899
<b>Net Position, End of Year</b>	\$ 36,001	\$ 35,944

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Combining Statement of Net Position**  
**Component Units**  
**September 30, 2018**

	<b>Main Street DDA Authority</b>	<b>Fort Valley Utility Commission</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents (Note 3-A)	\$ 141,249	\$ 3,275,528	\$ 3,416,777
Investments (Note 3-A):	-	5,296,243	5,296,243
Receivables:			
Accounts (net of allowance for uncollectibles):	151,142	3,277,827	3,428,969
Intergovernmental	-	-	-
Interest	-	8,612	8,612
Inventory (Note 1-E-4)	-	543,392	543,392
Prepaid expenses (Note 1-E-5)	-	107,902	107,902
<b>Total Current Assets</b>	<u>292,391</u>	<u>12,509,504</u>	<u>12,801,895</u>
<b>Non-current Assets:</b>			
Restricted assets (Note 1-E-6)	-	2,773,503	2,773,503
Capital assets: (Note 3-D)			
Non-depreciable	366,135	2,426,094	2,792,229
Depreciable, net	1,100,299	33,006,877	34,107,176
<b>Total Non-current Assets</b>	<u>1,466,434</u>	<u>38,206,474</u>	<u>39,672,908</u>
<b>Total Assets</b>	<u>1,758,825</u>	<u>50,715,978</u>	<u>52,474,803</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	-	237,921	237,921
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	2,546	1,507,417	1,509,963
Accrued payroll	-	111,594	111,594
Payroll deductions payable	-	48,840	48,840
Sales taxes payable	-	41,400	41,400
Intergovernmental payable	7,766	1,172,701	1,180,467
Unearned revenue	-	-	-
Compensated absences payable	-	170,728	170,728
Intergovernmental notes payable	57,500	-	57,500
Notes payable (Note 3-F)	46,136	348,898	395,034
<b>Total Current Liabilities</b>	<u>113,948</u>	<u>3,401,578</u>	<u>3,515,526</u>
<b>Non-current Liabilities:</b>			
Net pension liability	-	972,271	972,271
Customer deposits payable from restricted assets	-	552,390	552,390
Compensated absences payable (net of current portion)	-	85,620	85,620
Intergovernmental notes payable (net of current portion)	-	-	-
Notes payable (net of current portion) (Note 3-F)	162,800	2,672,558	2,835,358
<b>Total Non-current Liabilities</b>	<u>162,800</u>	<u>4,282,839</u>	<u>4,445,639</u>
<b>Total Liabilities</b>	<u>276,748</u>	<u>7,684,417</u>	<u>7,961,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	-	459,983	459,983
<b>Net Position:</b>			
Net investment in capital assets	1,257,498	32,411,515	33,669,013
Restricted for new electric generation (Note 1-E-6)	-	1,401,924	1,401,924
Restricted for pledged collateral - construction loan (Note 1-E-6)	-	1,371,579	1,371,579
Unrestricted	224,579	7,624,481	7,849,060
<b>Total Net Position</b>	<u>\$ 1,482,077</u>	<u>\$ 42,809,499</u>	<u>\$ 44,291,576</u>

See accompanying notes to the basic financial statements.

**City of Fort Valley, Georgia**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended September 30, 2018**

	<u>Main Street DDA Authority</u>	<u>Fort Valley Utility Commission</u>	<u>Total</u>
<b>Expenses:</b>			
General government	\$ 194,601	\$ -	\$ 194,601
Utilities	<u>-</u>	<u>22,054,108</u>	<u>22,054,108</u>
<b>Total Expenses</b>	<u>194,601</u>	<u>22,054,108</u>	<u>22,248,709</u>
<b>Revenues:</b>			
<b>Program:</b>			
Charges for services	37,237	21,816,470	21,853,707
Operating grants and contributions	15,405	-	15,405
Capital grants and contributions	<u>3,940</u>	<u>38,062</u>	<u>42,002</u>
<b>Total Program Revenues</b>	<u>56,582</u>	<u>21,854,532</u>	<u>21,911,114</u>
<b>Net Program (Expense) Revenue</b>	<u>(138,019)</u>	<u>(199,576)</u>	<u>(337,595)</u>
<b>General Revenues:</b>			
Investment earnings	-	53,659	53,659
Miscellaneous	<u>-</u>	<u>713,744</u>	<u>713,744</u>
<b>Total General Revenues</b>	<u>-</u>	<u>767,403</u>	<u>767,403</u>
<b>Change in Net Position</b>	(138,019)	567,827	429,808
<b>Net Position, Beginning of Year</b>	<u>1,620,096</u>	<u>42,241,672</u>	<u>43,861,768</u>
<b>Net Position, End of Year</b>	<u>\$ 1,482,077</u>	<u>\$ 42,809,499</u>	<u>\$ 44,291,576</u>

See accompanying notes to the basic financial statements.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

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*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

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

**Note 1 - Summary of Significant Accounting Policies**

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

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

**1-A. Reporting Entity**

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

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

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

Brief descriptions of the discretely presented component units follow:

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

The City believes it would be misleading to omit the Utility Commission from its financial statements; therefore, the Utility Commission is reported as a discretely presented component unit of the City. The Utility Commission issues separate financial statements which are available at the Utility Commission’s administrative office within the City.

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**1-B. Basis of Presentation**

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

**Government-wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with charges to external customers. The fiduciary funds are not reported in the government-wide statements.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and, (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

**Fund Accounting** - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

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

**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.

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

**1-C. Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of this fund are included on the statements of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the proprietary, fiduciary and component unit fund financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within sixty days of year-end.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenues - Non-exchange Transactions** - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and, expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e. collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

**Deferred Revenue/Unearned Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e. on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e. they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g. cash advances) also are recorded as deferred revenue.

Deferred revenues are reclassified as “*unearned revenue*” on the statement of net position.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**1-E. Assets, Liabilities and Fund Equity**

**1-E-1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value 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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**1-E-2. 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, 2018.

**1-E-3. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities' columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**1-E-4. Consumable Inventories (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.

**1-E-5. Prepaid Items (Utility Commission)**

Payments made to vendors for services (i.e. prepaid insurance) that will benefit periods beyond September 30, 2018, 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.

**1-E-6. Restricted Assets (Utility Commission)**

In 2018, restricted assets consist of the new generation and capacity funding account \$1,401,924 and a construction loan certificate of deposit pledged as collateral for in the amount of \$1,371,579.

**1-E-7. 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 the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

*City of Fort Valley/Main Street*

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

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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

*Fort Valley Utility Commission*

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

<u>Asset Class</u>	<u>Depreciation Rate</u>
Buildings	2%
Natural gas system	2%
Natural gas meters	2.5%
Natural gas equipment	5 - 20%
Electric system and equipment	3 - 10%
Water system and equipment	2.5 - 10%
Sewerage system and equipment	2.5 - 10%
Fiber optic system and equipment	2.5 - 10%
Intangible assets	10%

**1-E-8. 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.*”

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**1-E-9. 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 item that qualifies for reporting in this category: deferred outflows of resources related to pensions reported in the government-wide statement of net position. The pension related amounts result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, changes in proportion and differences between employer contributions and proportionate share of contributions, and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period. With the exception of the difference between projected and actual investment earnings and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period, the pension related outflows of resources should be recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The deferred outflows of resources relating to the difference between projected and actual investment earnings should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. The deferred outflow of resources relating to contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period will reduce the beginning net pension liability in the following fiscal year.

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 item that qualified for reporting in this category: deferred inflows of resources related to pensions. The differences between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred inflow of resources.

**1-E-10. Accrued Liabilities and Long-term Obligations**

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

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

**1-E-11. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s 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.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
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**Note 1 – Summary of Significant Accounting Policies (continued)**

**1-E-12. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not spendable in form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City’s finance committee or City’s finance director to assign fund balances.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

The City’s policy with respect to fund balance classification is to comply with GASB 54, *Fund Balance Reporting*. The City’s highest level decision-making body is Mayor and Council. Formal action required to establish, modify or rescind a committed fund balance is the budget approval process.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Net Position** - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**1-E-13. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for solid waste and transfer station programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

**1-E-14. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e. they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

**1-E-15. Estimates**

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

**1-E-16. Comparative Data**

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

**Note 2 – Stewardship, Compliance and Accountability**

**2-A. Budgetary Information**

The City adopts an annual operating budget for the general fund and the hotel/motel tax special revenue fund. Project budgets are adopted for the SPLOST capital projects funds.

The general fund and hotel/motel tax special revenue fund are adopted on a basis consistent with GAAP. Budgets for the SPLOST capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the Mayor and City Council.

The City's management may approve budget transfers within departments. During the year, the Mayor and City Council approved a budget revision.

All unexpended annual appropriations lapse at year-end.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 2 - Stewardship, Compliance and Accountability (continued)**

**2-B. Fund Balance/Net Position Deficit**

The following funds reported equity deficits:

Sanitation Fund	\$198,736
CDBG	\$30

**Note 3 - Detailed Notes on All Funds**

**3-A. Deposits and Investments**

*Deposits*

***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, 2018 were entirely insured or collateralized with securities held by the City’s agent in the City’s name. At September 30, 2018, the bank balances were \$3,574,070. The City has not adopted formal cash policies.

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

At September 30, 2018, all bank balances were entirely insured or collateralized. In October 2011 the Utility Commission elected to secure its deposits in a pool of pledged securities established and maintained by CB&T Bank of Middle Georgia, a division of Synovus Bank, in accordance with Georgia Uniform Commercial Code Chapter 8, Title 45, Code Section 45-8-1 and administered under the direction of the Georgia Office of Treasury and Fiscal Services. The Utility Commission opened two new accounts at BB&T during fiscal year 2016. BB&T also participates in a pool of pledged securities. At September 30, 2018, the bank balances were \$3,436,896 and the carrying amount was \$3,272,518.

***Main Street/DDA – Deposits*** – At September 30, 2018, all of the Main Street/DDA’s bank balances were entirely FDIC insured. At September 30, 2018, the bank balances were \$95,294.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

*Investments*

*Fort Valley Utility Commission*

At September 30, 2018, the Utility Commission had the following investments presented by maturity period:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity Period</b>		
		<b>Three Months or Less</b>	<b>4 - 12 Months</b>	<b>1 - 5 Years</b>
Certificate of Deposit	\$ 1,371,579	\$ -	\$ -	\$ 1,371,579
Money Market Account	1,538,163			
Municipal Competitive Trust	5,160,004			
<b>Total</b>	<u>\$ 8,069,746</u>			

**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, 2018, 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, 2018:

<b>Bank:</b>	<b>Amount</b>	<b>% of Total</b>
CB&T Bank of Middle Georgia	<u>\$1,371,579</u>	100%

**3-B. Receivables**

Receivables at September 30, 2018, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

**3-C. Property Taxes**

The City Council levies property taxes in October. Property taxes are due in December and attach as an enforceable lien on property as of January 1.

**3-D. Capital Assets**

Capital asset activity for the year ended September 30, 2018, was as follows:

<u>Governmental activities</u>	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>	<u>Accumulated</u> <u>Depreciation</u> <u>9/30/2018</u>	<u>Book</u> <u>Value</u> <u>9/30/2018</u>
Non-depreciable capital assets:						
Land	\$ 731,155	\$ -	\$ -	\$ 731,155	\$ -	\$ 731,155
Construction in progress	-	-	-	-	-	-
Total non-depreciable capital assets	<u>731,155</u>	<u>-</u>	<u>-</u>	<u>731,155</u>	<u>-</u>	<u>731,155</u>
Depreciable capital assets:						
Buildings	2,475,972	69,910	-	2,545,882	510,642	2,035,240
Infrastructure	1,945,408	-	-	1,945,408	529,054	1,416,354
Improvements	1,079,875	142,563	-	1,222,438	315,638	906,800
Machinery and equipment	<u>3,802,543</u>	<u>629,127</u>	<u>503,880</u>	<u>3,927,790</u>	<u>2,880,090</u>	<u>1,047,700</u>
Total depreciable capital assets	<u>9,303,798</u>	<u>841,600</u>	<u>503,880</u>	<u>9,641,518</u>	<u>4,235,424</u>	<u>5,406,094</u>
Total capital assets	<u>\$ 10,034,953</u>	<u>\$ 841,600</u>	<u>\$ 503,880</u>	<u>\$ 10,372,673</u>	<u>\$ 4,235,424</u>	<u>\$ 6,137,249</u>

<u>Accumulated Depreciation:</u>	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
Buildings	\$ 476,333	\$ 34,309	\$ -	\$ 510,642
Infrastructure	431,784	97,270	-	529,054
Improvements	271,094	44,544	-	315,638
Machinery and equipment	<u>3,066,815</u>	<u>281,895</u>	<u>468,620</u>	<u>2,880,090</u>
Total accumulated depreciation	<u>\$ 4,246,026</u>	<u>\$ 458,018</u>	<u>\$ 468,620</u>	<u>\$ 4,235,424</u>

Governmental activities depreciation expense:

General government	\$ 21,786
Public safety	168,446
Public works	221,621
Culture and recreation	<u>46,165</u>
Total governmental activities depreciation expense	<u>\$ 458,018</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

Capital asset activity for business-type activities for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
Business-type activities:				
Depreciable capital assets:				
Machinery and equipment	\$ 1,336,419	\$ 244,833	\$ -	\$ 1,581,252
Accumulated depreciation:				
Machinery and equipment	1,162,642	78,062	-	1,240,704
Capital assets - net	<u>\$ 173,777</u>	<u>\$ 166,771</u>	<u>\$ -</u>	<u>\$ 340,548</u>

Capital asset activity for Main Street/DDA component unit for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2018</u>
Main Street/DDA:				
Capital assets not being depreciated:				
Land	\$ 366,135	\$ -	\$ -	\$ 366,135
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>366,135</u>	<u>-</u>	<u>-</u>	<u>366,135</u>
Depreciable capital assets:				
Buildings	1,754,821	-	62,400	1,692,421
Improvements	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total depreciable capital assets	<u>1,781,560</u>	<u>-</u>	<u>62,400</u>	<u>1,719,160</u>
Total capital assets	<u>2,147,695</u>	<u>-</u>	<u>62,400</u>	<u>2,085,295</u>
Accumulated depreciation:				
Buildings	542,875	56,116	2,600	596,391
Improvements	10,370	610	-	10,980
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	<u>564,735</u>	<u>56,726</u>	<u>2,600</u>	<u>618,861</u>
Main Street/DDA capital assets, net	<u>\$ 1,582,960</u>	<u>\$ (56,726)</u>	<u>\$ 59,800</u>	<u>\$ 1,466,434</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

Capital asset activity for the Utility Commission component unit for the year ended September 30, 2018, was as follows:

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2018</u>
Utility Commission component unit:				
Nondepreciable capital assets:				
Land	\$ 146,486	\$ 15,495	\$ -	\$ 161,981
Construction in progress	3,460,180	1,593,821	2,789,888	2,264,113
Total nondepreciable capital assets	<u>3,606,666</u>	<u>1,609,316</u>	<u>2,789,888</u>	<u>2,426,094</u>
Depreciable capital assets:				
Building	335,744	163,187	-	498,931
Distribution system	49,415,106	4,400,785	-	53,815,891
Machinery and equipment	4,612,694	137,402	-	4,750,096
Intangibles	286,103	212,446	-	498,549
Total depreciable capital assets	<u>54,649,647</u>	<u>4,913,820</u>	<u>-</u>	<u>59,563,467</u>
Total capital assets	<u>58,256,313</u>	<u>6,523,136</u>	<u>2,789,888</u>	<u>61,989,561</u>
Accumulated depreciation:				
Building	249,243	4,759	-	254,002
Distribution system	21,471,334	1,035,639	-	22,506,973
Machinery and equipment	3,308,995	208,776	-	3,517,771
Intangibles	275,394	2,450	-	277,844
Total accumulated depreciation	<u>25,304,966</u>	<u>1,251,624</u>	<u>-</u>	<u>26,556,590</u>
Utility Commission capital assets, net	<u>\$ 32,951,347</u>	<u>\$ 5,271,512</u>	<u>\$ 2,789,888</u>	<u>\$ 35,432,971</u>

**3-E. Interfund Balances and Transfers**

Interfund balances at September 30, 2018, 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.

<b>Payable to:</b>	<b>Payable from:</b>					<b>Total</b>
	<b>General Funds</b>	<b>2008 SPLOST Funds</b>	<b>2015 SPLOST Funds</b>	<b>Other Governmental Funds</b>	<b>Sanitation Fund</b>	
General fund	\$ -	\$ 79,596	\$ -	\$ 100	\$ 326,341	\$ 406,037
2008 SPLOST	-	-	5,200	-	-	5,200
2015 SPLOST	<u>22,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,965</u>
<b>Total</b>	<u>\$ 22,965</u>	<u>\$ 79,596</u>	<u>\$ 5,200</u>	<u>\$ 100</u>	<u>\$ 326,341</u>	<u>\$ 434,202</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

Interfund transfers for the year ended September 30, 2018, consisted of the following:

<u>Transfer to:</u>	<u>Transfer From:</u>			<u>Total</u>
	<u>General Fund</u>	<u>2015 SPLOST</u>	<u>Non-major Governmental Funds</u>	
General fund	\$ -	\$ -	\$ 18,201	\$ 18,201
Sanitation fund	-	53,579	-	53,579
<b>Total</b>	<u>\$ -</u>	<u>\$ 53,579</u>	<u>\$ 18,201</u>	<u>\$ 71,780</u>

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

**3-F. Short-term Tax Anticipation Note**

**Tax Anticipation Notes** –On August 13, 2018, the City issued short-term tax anticipation notes totaling \$1,804,600. The notes are due December 31, 2018, and carry an interest rate of 4.5%. For fiscal year ending September 30, 2018, draws were taken on the note on August 13, August 17, August 23, September 6, September 7, September 13, September 19, and September 25 totaling \$744,600. The proceeds of the notes were used to pay the costs of the City’s operations.

Changes in the short-term obligations consisted of the following for the year ended September 30, 2018:

	<u>Outstanding</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u>
	<u>9/30/2017</u>			<u>9/30/2018</u>
Tax anticipation notes payable:				
General fund	\$ -	\$ 744,600	\$ -	\$ 744,600

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

**3-G. Long-term Debt**

*City Governmental Activities' Capital Leases* – At September 30, 2018, the City is obligated under one capital lease for capital assets belonging to governmental activities.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,643	\$ 3,478	\$ 26,121
2020	23,341	2,780	26,121
2021	24,060	2,061	26,121
2022	24,802	1,319	26,121
2023	25,566	555	26,121
2024	<u>4,337</u>	<u>18</u>	<u>4,355</u>
Total	<u>\$ 124,749</u>	<u>\$ 10,211</u>	<u>\$ 134,960</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 31,158	\$ 1,872	\$ 33,030
2020	<u>32,080</u>	<u>950</u>	<u>33,030</u>
Total	<u>\$ 63,238</u>	<u>\$ 2,822</u>	<u>\$ 66,060</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 47,416	\$ 6,304	\$ 53,720
2020	48,919	4,801	53,720
2021	50,470	3,250	53,720
2022	<u>52,069</u>	<u>1,651</u>	<u>53,720</u>
Total	<u>\$ 198,874</u>	<u>\$ 16,006</u>	<u>\$ 214,880</u>

**Main Street/DDA Notes Payable** – On June 17, 2008, Main Street/DDA borrowed \$51,500 from the CB&T Bank of Middle Georgia to pay off an earlier line of credit from CB&T bank that was used to provide renovations to the Signal Building. On August 20, 2010, Main Street/DDA obtained a new loan from CB&T that paid off the previous loan and provided \$15,689 in additional capital to pay for a new roof on the Signal Building. The note was set to mature on August 20, 2013; however, the note was renewed during the year. The monthly amount due is \$441.44 with an interest rate of 4.25%. The new maturity date is October 25, 2018.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 23,610	\$ 84	\$ 23,694
Total	<u>\$ 23,610</u>	<u>\$ 84</u>	<u>\$ 23,694</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,526	\$ 2,274	\$ 4,800
2020	2,899	1,901	4,800
2021	<u>29,901</u>	<u>1,430</u>	<u>31,331</u>
Total	<u>\$ 35,326</u>	<u>\$ 5,605</u>	<u>\$ 40,931</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,000	\$ 3,450	\$ 23,450
2020	20,000	2,960	22,960
2021	20,000	2,470	22,470
2022	20,000	1,980	21,980
2023-2025	<u>70,000</u>	<u>2,920</u>	<u>72,920</u>
Total	<u>\$ 150,000</u>	<u>\$ 13,780</u>	<u>\$ 163,780</u>

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

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

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

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

The Utility Commission reduced the Downtown Development Authority note by \$23,000 during fiscal year 2017. The Downtown Development Authority was not current on the note as of September 30, 2018 and the balance of the promissory note was \$57,500 at September 30, 2018.

**City of Fort Valley, Georgia**  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2018**

**Note 3 - Detailed Notes on All Funds (continued)**

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

**GEFA Loan – DW97-027** – On May 19, 1999, the Utility Commission borrowed \$3.5 million in an interest free loan for water distribution system and wells. Payments are due quarterly with a final maturity date of February 1, 2021.

Annual debt service requirements to amortize this loan as of September 30, 2018 follow:

<b>Fiscal Year</b>	<b>Principal</b>
2019	\$ 163,454
2020	163,454
2021	81,727
Total	<u>\$ 408,635</u>

**GEFA Loan — DW97-027A** – On May 19, 1999, the Utility Commission borrowed \$550,000 at a 3% interest rate for water distribution system and wells. Payments are due quarterly with a final maturity date of February 1, 2021.

Annual debt service requirements to amortize this loan as of September 30, 2018 follow:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 36,069	\$ 2,364	\$ 38,433
2020	37,164	1,270	38,434
2021	19,003	214	19,217
Total	<u>\$ 92,236</u>	<u>\$ 3,848</u>	<u>\$ 96,084</u>

**GELAC Loan — 2006-L58WQ** - On May 10, 2007 the Utility Commission received a loan commitment of \$920,000 at a 4.12% interest rate for a lift station and water and sewer lines in the Heritage Pointe Subdivision.

Payments of \$5,171 are due monthly with a final maturity date of January 1, 2029. The construction loan went into repayment on February 1, 2009, in the amount of \$844,499.

Annual debt service requirements to amortize this loan as of September 30, 2018 follow:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 41,349	\$ 20,703	\$ 62,052
2020	43,067	18,986	62,053
2021	44,911	17,142	62,053
2022	46,779	15,273	62,052
2023	48,744	13,309	62,053
2024-2028	276,184	34,079	310,263
2029	20,392	239	20,631
Total	<u>\$ 521,426</u>	<u>\$ 119,731</u>	<u>\$ 641,157</u>

*City of Fort Valley, Georgia*  
**Notes to the Basic Financial Statements**  
**For the Year Ended September 30, 2018**

**Note 3 - Detailed Notes on All Funds (continued)**

**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, 2018 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,806	\$ 3,138	\$ 18,944
2020	16,106	2,838	18,944
2021	16,420	2,524	18,944
2022	16,732	2,212	18,944
2023	17,053	1,891	18,944
2024-2028	90,277	4,424	94,701
Total	<u>\$ 172,394</u>	<u>\$ 17,027</u>	<u>\$ 189,421</u>

**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, 2018 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 26,858	\$ 16,068	\$ 42,926
2020	27,980	14,946	42,926
2021	29,149	13,777	42,926
2022	30,367	12,559	42,926
2023	31,636	11,291	42,927
2024-2028	179,145	35,489	214,634
2029-2030	78,997	3,280	82,277
Total	<u>\$ 404,132</u>	<u>\$ 107,410</u>	<u>\$ 511,542</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
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**Note 3 - Detailed Notes on All Funds (continued)**

**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.

Annual debt service requirements to amortize this loan as of September 30, 2018 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 45,651	\$ 10,086	\$ 55,737
2020	46,124	9,224	55,348
2021	46,601	8,747	55,348
2022	47,083	8,265	55,348
2023	47,571	7,777	55,348
2024-2028	245,340	31,400	276,740
2029-2033	258,301	18,440	276,741
2034-2038	225,643	4,973	230,616
Total	<u>\$ 962,314</u>	<u>\$ 98,912</u>	<u>\$ 1,061,226</u>

**Note 3 - Detailed Notes on All Funds (continued)**

**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, 2018.

Annual debt service requirements to amortize this loan as of September 30, 2018 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 19,711	\$ 10,086	\$ 29,797
2020	20,087	8,154	28,241
2021	20,469	7,771	28,240
2022	20,860	7,381	28,241
2023	21,257	6,983	28,240
2024-2028	112,523	28,679	141,202
2029-2033	123,664	17,537	141,201
2034-2038	121,737	5,346	127,083
Total	<u>\$ 460,308</u>	<u>\$ 91,937</u>	<u>\$ 552,245</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

**Changes in Long-term Debt** – Changes in the City’s long-term obligations consisted of the following for the year ended September 30, 2018:

	<u>Balance</u> <u>09/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/2018</u>	<u>Amount Due</u> <u>in One Year</u>
Governmental activities:					
Net Pension Liability	\$ 1,570,124	\$ 322,263	\$ 355,366	\$ 1,537,021	\$ -
Capital leases	146,715	-	21,966	124,749	22,643
Employer funded death benefit	195,948	-	12,376	183,572	-
Compensated absences	<u>198,140</u>	<u>59,837</u>	<u>92,164</u>	<u>165,813</u>	<u>66,325</u>
Total governmental activities	<u>\$ 2,110,927</u>	<u>\$ 382,100</u>	<u>\$ 481,872</u>	<u>\$ 2,011,155</u>	<u>\$ 88,968</u>
Business-type activities:					
Net Pension Liability	\$ 227,201	\$ 56,870	\$ 62,712	\$ 221,359	\$ -
Capital leases	93,501	244,833	76,222	262,112	78,574
Compensated absences	<u>16,061</u>	<u>8,424</u>	<u>9,367</u>	<u>15,118</u>	<u>13,020</u>
Total business-type activities	<u>\$ 336,763</u>	<u>\$ 310,127</u>	<u>\$ 148,301</u>	<u>\$ 498,589</u>	<u>\$ 91,594</u>
Main Street/DDA:					
Loan payable	\$ 235,847	\$ 35,672	\$ 62,583	\$ 208,936	\$ 46,136
Intergovernmental Note Payable	<u>57,500</u>	<u>-</u>	<u>-</u>	<u>57,500</u>	<u>57,500</u>
Total Main Street/DDA	<u>\$ 293,347</u>	<u>\$ 35,672</u>	<u>\$ 62,583</u>	<u>\$ 266,436</u>	<u>\$ 103,636</u>
Utility Commission:					
GEFA loan - DW97-027	\$ 572,089	\$ -	\$ 163,454	\$ 408,635	\$ 163,454
GEFA loan - DW97-027A	127,243	-	35,007	92,236	36,069
GELAC loan - 2006-L58WQ	561,115	-	39,677	521,438	41,349
GEFA loan - DWSRF 04-004	187,908	-	15,516	172,392	15,806
GELAC loan - 2007 L42WQ	429,911	-	25,779	404,132	26,858
GEFA loan - DW14-001	932,995	67,020	37,701	962,314	45,651
GEFA loan - CW2016-025	444,325	25,700	9,716	460,309	19,711
Compensated absences	<u>258,586</u>	<u>172,374</u>	<u>174,612</u>	<u>256,348</u>	<u>170,728</u>
Total Utility Commission	<u>\$ 3,514,172</u>	<u>\$ 265,094</u>	<u>\$ 501,462</u>	<u>\$ 3,277,804</u>	<u>\$ 519,626</u>

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.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

**3-H. 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:

- (1) Normal retirement benefit, whereas the employee retires at age 65 with five years of service.
- (2) 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, 2018, the pension plan membership consisted of the following:

Active participants	88
Vested terminated participants	23
Retired participants and beneficiaries	<u>45</u>
Total	<u><u>156</u></u>

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

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

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

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Real Estate	10%	5.21%
Global Fixed Income	5%	3.36%
Domestic Fixed Income	20%	2.11%
	100%	

*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.

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*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

*Changes in the Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 9/30/17</b>	\$ 5,228,870	\$ 3,431,545	\$ 1,797,325
<b>Changes for the year:</b>			
Service cost	96,444	-	96,444
Interest	390,983	-	390,983
Differences between expected and actual experience	117,201	-	117,201
Contributions-employer	-	235,918	(235,918)
Contributions-employee	-	-	-
Net investment income	-	505,764	(505,764)
Benefit payments, including refunds of employee contributions	(367,869)	(367,869)	-
Administrative expense	-	(24,405)	24,405
Other changes	73,704	-	73,704
<b>Net changes</b>	<u>310,463</u>	<u>349,408</u>	<u>(38,945)</u>
<b>Balances at 9/30/18</b>	<u>\$ 5,539,333</u>	<u>\$ 3,780,953</u>	<u>\$ 1,758,380</u>

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 2,412,735	\$ 1,758,380	\$ 1,213,417

*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 the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

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

For the year ended September 30, 2018, the City recognized pension expense of \$307,210. At September 30, 2018, the City reported deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 342,356	\$ (8,524)
Changes in assumptions	58,964	(3,336)
Net difference between projected and actual earnings on pension plan investments	-	(201,478)
<b>Total</b>	<b>\$ 401,320</b>	<b>\$ (213,338)</b>

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

<b>Year ended September 30:</b>	
2019	\$ 55,262
2020	89,800
2021	10,419
2022	32,501
	<b>\$ 187,982</b>

***Utility Commission Retirement Plan -***

***Plan Description*** – The Fort Valley Utility Commission Retirement Plan (the Plan) 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.

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, 2018, the plan had 49 active employees, 7 vested former employees, and 34 retired participants or beneficiaries currently receiving benefits.

***Contributions*** – Required contributions are determined by the GMEBS based on actuarial calculations performed by an independent actuary. The actuarially-determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission’s recommended contribution rate for the year ended September 30, 2018 was 7.80 percent of covered payroll. The Commission’s recommended contribution to the plan for the years ended September 30, 2018 was \$235,879. Participants in the plan are not required to contribute.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*** – At September 30, 2018, the Commission reported a net pension liability of \$972,271. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial date was January 1, 2018.

For the year ended September 30, 2018, the Commission recognized pension expense of \$94,645. At September 30, 2018, the Commission had deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences Between Expected and Actual Experience	\$ 133,704	\$ (42,679)
Changes of Assumptions	104,217	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	(417,304)
	<b>\$ 237,921</b>	<b>\$ (459,983)</b>

*Note: Individual period investment outflows and inflows listed below are being shown netted in accordance with GASB 68 paragraph 33b.*

Amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows for the years ending September 30:

	<b><u>Outflows</u></b>	<b><u>Inflows</u></b>
2019	\$ 185,130	\$ (233,333)
2020	185,130	(147,890)
2021	39,599	(147,890)
2022	-	(102,808)
	<b>\$ 409,859</b>	<b>\$ (631,921)</b>

***Actuarial Assumptions*** – The total pension liability in the January 1, 2018 and 2017 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>9/30/2018</u></b>
Inflation	2.75%
Salary Increases (including inflation)	3.25%
Net Investment Rate of Return	7.50%

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

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>9/30/18 Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability as of September 30, 2018 was 7.50 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, 2018 were as follows:

	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at October 1, 2017	\$ 8,492,933	\$ 7,189,450	\$ 1,303,483
Changes for the Year:			
Service Costs	112,839	-	112,839
Interest	636,872	-	636,872
Differences between expected and actual experience	19,441	-	19,441
Contributions - employer	-	200,520	(200,520)
Contributions - employee	-	-	-
Net investment income	-	1,056,958	(1,056,958)
Benefit payments, including refunds of employee contributions	(550,465)	(550,465)	-
Administrative expense	-	(18,158)	18,158
Other	138,956	-	138,956
Net changes	<u>357,643</u>	<u>688,855</u>	<u>(331,212)</u>
Balances at September 30, 2018	<u>\$ 8,850,576</u>	<u>\$ 7,878,305</u>	<u>\$ 972,271</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
<b><u>September 30, 2018:</u></b>	<b><u>(6.50%)</u></b>	<b><u>Discount Rate</u></b>	<b><u>(7.50%)</u></b>
	<b><u>(8.50%)</u></b>	<b><u>(7.50%)</u></b>	<b><u>(8.50%)</u></b>
Net Pension Liability	<u>\$ 1,912,015</u>	<u>\$ 972,271</u>	<u>\$ 171,504</u>

**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.

**3-I. Net Investment in Capital Assets**

Net position on the City-wide statement of net position as of September 30, 2018 is as follows:

	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Component</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Units</u></b>
Net Investment in capital assets:			
Cost of capital assets	\$ 10,372,673	\$ 1,581,252	\$ 60,404,005
Less accumulated depreciation	<u>4,235,424</u>	<u>1,240,704</u>	<u>25,869,698</u>
Book value	6,137,249	340,548	34,534,307
Less capital related debt	<u>124,749</u>	<u>262,112</u>	<u>3,491,433</u>
Net Investment in capital assets	<u>\$ 6,012,500</u>	<u>\$ 78,436</u>	<u>\$ 31,042,874</u>

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 3 - Detailed Notes on All Funds (continued)**

**3-J. Fund Equity**

**Fund Balances:**

- **Restricted** – The following fund balances are restricted for:

**General Fund:**

Public safety technology	\$ 66,506
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**Capital Projects Fund:**

Special Local Option Sales Tax Fund (SPLOST) used to account for capital projects financed with SPLOST.	\$ 2,291,289
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- **Assigned** – The following fund balances are assigned to:

**General Fund:**

Contingencies	\$ 165,943
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- **Unassigned** – The City’s policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster. The 2018 CDBG fund reported an unassigned fund balance due to a deficit balance. This fund deficit will be reduced through CDBG revenue.

**Note 4 – Other Notes**

**4-A. Contract Commitments – Utility Commission**

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

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

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

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

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 4 – Other Notes (continued)**

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

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

In accordance with the Second Amendment of the Municipal Competitive Trust, effective August 10, 2009, MEAG Power amended the restrictions and broadened the circumstances under which a Participant may withdraw funds from the New Generation Trust, which was established earlier in 2009 to provide for the future funding of the construction of new power generation facilities, including, but not limited to the Plant Vogtle expansion project. The voluntary funding of the New Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account is displayed as a restricted investment asset in the comparative statement of net position. The amount was \$1,401,924 for 2018.

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

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

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

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 4 – Other Notes (continued)**

**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.

**4-B. 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:

<u>Date</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2016	\$ 63,183	\$ 847,020	\$ 834,116	\$ 76,087
2017	\$ 76,087	\$ 665,971	\$ 694,621	\$ 47,437
2018	\$ 47,437	\$ 921,486	\$ 860,661	\$ 108,261

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

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 4 – Other Notes (continued)**

***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.

**4-C. Contingent Liabilities**

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

***Utility Commission Contingent Liability***

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

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

**4-D. 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, 2018, 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, 2018.

**4-E. Related Organization**

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

**4-F. 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 the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 4 – Other Notes (continued)**

**4-G. Hotel-Motel Lodging Tax**

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2018 follows:

Lodging tax receipts	\$ 20,644
Required expenditures	\$ 8,257
Actual expenditures	\$ 13,425

All expenditures were for promotion of tourism as required by O.C.G.A. 48-13-51.

**4-H. Prior Period Adjustment**

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

	<b>General Fund</b>
Fund balance, September 30, 2017, as previously reported:	\$ 1,821,376
Prior period adjustment to correct various misstatements	77,000
Fund balance, September 30, 2017, as restated	\$ 1,898,376

Beginning net position at September 30, 2017, for Governmental Activities for the government-wide financial statements have been increased by the same \$77,000 indicated above.

**4-I. Subsequent Events**

**Municipal Competitive Trust**—In January of 2018, the City and the Utility Commission entered into a dispute regarding the participation and beneficiary rights of the Municipal Competitive Trust (MCT). The City maintains that the Utility Commission and the City are collective beneficiaries of the MCT. The MCT is a fund that was developed in order to keep the cost of electricity from escalating when the City faced the threat of de-regulation. Thus, the City entered into a contract with the Municipal Electric Authority of Georgia (MEAG), and then established the trust. Due to the dispute between the City and the Utility Commission, MEAG froze all funds from the MCT with the stipulation that the City and the Utility Commission settle their dispute regarding who is the authorized official. As a result of this freeze, the Utility Commission ceased to make monthly and quarterly payments to the City which the City relies upon for the operation of the City. The City and the Utility Commission are currently in discussions with legal council to resolve this issue. Until a resolution is reached, the City has resorted to spending their reserves and reducing expenses by utilizing a hiring freeze and cutting back on employee hours in order to fund the operations of the City. A portion of this dispute was resolved which directed the utility commission to pay a monthly “Pay in Lieu of Franchise Fee” of \$104,165.

**Tax Anticipation Notes** —On October 10, 2018, an additional draw of \$55,000 was made by the city on the short-term tax anticipation notes issued on August 10, 2018. On December 31, 2018, the city paid a total of \$810,959 on the note comprised of \$799,600 principal and interest of \$22,359.

On March 1, 2019, the City issued short-term tax anticipation notes totaling \$2,406,000. The notes are due December 31, 2019, and carry an interest rate of 5.0%. The proceeds of the notes were used to pay the costs of the City’s operations.

**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 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 at this time.

*City of Fort Valley, Georgia*  
*Notes to the Basic Financial Statements*  
*For the Year Ended September 30, 2018*

**Note 4 – Other Notes (continued)**

***Utility Commission Subsequent Events***

The Commission was approved for two GEFA loans: \$1,700,000 (CW2018004), 1.94% interest, 20-year term; \$700,000 (DW2018004), 1.32% interest, 15-year term. As of the report date, these loans have not been executed.

The Utility Commission is currently in litigation with the City of Fort Valley. One of the issues being litigated is ownership and control of Fort Valley's portion of the funds in the Municipal Competitive Trust. While all funds in the Municipal Competitive Trust associated with Fort Valley originated from revenue generated by the Utility Commission, the City of Fort Valley has asserted that it has some ownership interest in the funds in the Municipal Competitive Trust. The Utility Commission expressly denies this claim. As a result, MEAG froze the accounts until such time as the matter is resolved.

**City of Fort Valley, Georgia**  
**Required Supplementary Information**  
*Schedule of Changes in the Net Pension Liability and Related Ratios*  
*September 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 96,444	\$ 89,621	\$ 78,088	\$ 73,545
Interest	390,983	362,832	339,038	332,648
Differences between expected and actual experience	117,201	260,977	186,530	(42,622)
Changes of assumptions	-	-	-	(16,680)
Changes of benefit terms	-	-	24,284	48,214
Other	73,704	-	-	-
Benefit payments, including refunds of employee contributions	<u>(367,869)</u>	<u>(332,517)</u>	<u>(309,342)</u>	<u>(315,967)</u>
<b>Net change in total pension liability</b>	310,463	380,913	318,598	79,138
<b>Total pension liability-beginning</b>	<u>5,228,870</u>	<u>4,847,957</u>	<u>4,529,359</u>	<u>4,450,221</u>
<b>Total pension liability-ending (a)</b>	<u>\$ 5,539,333</u>	<u>\$ 5,228,870</u>	<u>\$ 4,847,957</u>	<u>\$ 4,529,359</u>
<b>Plan fiduciary net position</b>				
Contributions-employer	\$ 235,918	\$ 183,492	\$ 207,960	\$ 224,278
Contributions-employee	-	-	-	-
Net investment income	505,764	355,019	41,598	346,833
Benefit payments, including refunds of employee contributions	(367,869)	(332,517)	(309,342)	(315,967)
Administrative expense	(24,405)	(10,467)	(12,317)	(10,075)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	349,408	195,527	(72,101)	245,069
<b>Plan fiduciary net position-beginning</b>	<u>3,431,545</u>	<u>3,236,018</u>	<u>3,308,119</u>	<u>3,063,050</u>
<b>Plan fiduciary net position-ending (b)</b>	<u>\$ 3,780,953</u>	<u>\$ 3,431,545</u>	<u>\$ 3,236,018</u>	<u>\$ 3,308,119</u>
<b>Net pension liability-ending (a) - (b)</b>	<u>\$ 1,758,380</u>	<u>\$ 1,797,325</u>	<u>\$ 1,611,939</u>	<u>\$ 1,221,240</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	68.26%	65.63%	66.75%	73.04%
<b>Covered-employee payroll</b>	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731	\$ 2,112,793
<b>Net pension liability as a percentage of covered-employee payroll</b>	65.60%	69.36%	64.64%	57.80%

**Notes to Schedule:**

This schedule will present 10 years of information once the data is available.

**City of Fort Valley, Georgia**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**September 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 282,583	\$ 239,168	\$ 200,173	\$ 207,956
Contributions in relation to the actuarially determined contribution	<u>302,514</u>	<u>235,918</u>	<u>183,492</u>	<u>207,960</u>
Contribution deficiency (excess)	<u>\$ (19,931)</u>	<u>\$ 3,250</u>	<u>\$ 16,681</u>	<u>\$ (4)</u>
Covered-employee payroll	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731	\$ 2,112,793
Contributions as a percentage of covered-employee payroll	11.29%	9.10%	7.36%	9.84%

**Notes to Schedule:**

Valuation date: The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2019.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

**Actuarial Assumptions:**

Net Investment Rate of Return	7.50%
Projected Salary increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement age	65 with five years of service
Mortality	RP 2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Other Information	The investment return assumption was decreased from 7.75% to 7.50%. The inflation assumption was decreased from 3.25% to 2.75%. There were no changes in benefit provisions in the last two fiscal years.

**Notes to Schedule:**

This schedule will present 10 years of information once the data is available.

## **SUPPLEMENTARY INFORMATION**

**City of Fort Valley, Georgia**  
**General Fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,053,368	\$ 1,342,354
Receivables:		
Accounts	85,396	81,029
Property taxes	169,028	145,108
Intergovernmental	1,157,748	100,115
Interfund	406,037	389,401
<b>Total Assets</b>	<b>\$ 2,871,577</b>	<b>\$ 2,058,007</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 141,244	\$ 148,850
Accrued expenditures	78,303	62,266
Interfund payable	22,965	-
Intergovernmental payable	27,187	25,515
Notes payable	744,600	-
Accrued interest payable	2,228	-
<b>Total Liabilities</b>	1,016,527	236,631
<b>Fund Balances:</b>		
Restricted for:		
Public safety technology	66,506	38,032
Assigned for:		
Contingencies	165,943	765,818
Unassigned	1,622,601	1,017,526
<b>Total Fund Balances:</b>	<b>1,855,050</b>	<b>1,821,376</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,871,577</b>	<b>\$ 2,058,007</b>

**City of Fort Valley, Georgia**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Taxes	\$ 4,326,047	\$ 4,711,104
Licenses and permits	117,466	111,698
Intergovernmental	1,263,433	494,571
Charges for services	71,723	59,403
Fines and forfeitures	335,783	162,995
Investment earnings	765	2,566
Contributions	10,990	19,435
Miscellaneous	<u>35,488</u>	<u>33,328</u>
<b>Total Revenues</b>	<u>6,161,695</u>	<u>5,595,100</u>
<b>Expenditures:</b>		
Current:		
General government	\$ 1,018,680	\$ 907,932
Judicial	75,488	66,777
Public safety	3,458,740	3,260,439
Public works	1,138,686	1,070,350
Culture and recreation	493,429	588,477
Housing and development	<u>31,289</u>	<u>143,643</u>
Debt service:		
Principal retirement	21,966	21,309
Interest and fiscal charges	<u>6,579</u>	<u>4,812</u>
<b>Total Expenditures</b>	<u>6,244,857</u>	<u>6,063,739</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(83,162)</u>	<u>(468,639)</u>
<b>Other Financing Sources (Uses):</b>		
Sale of capital assets	21,635	8,259
Transfers in	18,201	8,383
Transfers out	<u>-</u>	<u>(11,211)</u>
<b>Total Other Financing Sources</b>	<u>39,836</u>	<u>5,431</u>
<b>Net Change in Fund Balances</b>	(43,326)	(463,208)
<b>Fund Balances, Beginning of Year</b>	1,821,376	2,284,584
Prior period adjustment	<u>77,000</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,855,050</u>	<u>\$ 1,821,376</u>

**City of Fort Valley, Georgia**  
**Schedule of Revenues - Budget and Actual - General Fund**  
**For the Year Ended September 30, 2018**  
*(With Comparative Actual Amounts for the Year Ended September 30, 2017)*

	2018			2017	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
<b>Real and Personal Property Taxes:</b>					
General property tax	\$ 1,445,500	\$ 1,445,500	\$ 1,434,460	\$ (11,040)	\$ 1,489,041
Vehicle property tax	143,039	143,039	230,980	87,941	156,552
Mobile home property tax	3,000	3,000	4,422	1,422	4,937
Recording intangible tax	7,000	7,000	5,403	(1,597)	11,501
Real estate transfer tax	5,000	5,000	2,054	(2,946)	12,341
Railroad equipment tax	3,200	3,200	4,545	1,345	3,729
Energy excise tax	19,000	19,000	27,662	8,662	21,057
Prior year taxes - other than property	2,000	2,000	1,390	(610)	3,699
Penalties and interest on delinquent taxes	20,000	20,000	15,632	(4,368)	20,081
<b>Total Real and Personal Property Taxes</b>	<u>1,647,739</u>	<u>1,647,739</u>	<u>1,726,548</u>	<u>78,809</u>	<u>1,722,938</u>
<b>Selective Taxes:</b>					
Sales tax	1,076,000	1,076,000	1,229,265	153,265	1,045,108
Beer tax	120,000	120,000	136,030	16,030	115,867
Wine tax	7,000	7,000	7,209	209	6,704
Liquor tax	19,600	19,600	20,875	1,275	19,188
Hotel/motel tax	15,000	15,000	-	(15,000)	-
Insurance premium tax	580,000	580,000	652,314	72,314	613,170
Utility Commission franchise fees	1,245,000	1,242,068	497,755	(744,313)	1,135,992
Cable T.V. franchise fees	39,000	39,000	15,940	(23,060)	34,037
Telephone franchise fees	30,000	30,000	40,111	10,111	18,100
<b>Total Selective Taxes</b>	<u>3,131,600</u>	<u>3,128,668</u>	<u>2,599,499</u>	<u>(529,169)</u>	<u>2,988,166</u>
<b>Licenses and Permits:</b>					
Alcoholic beverage licenses	25,000	25,000	6,250	(18,750)	31,279
Occupation taxes	87,000	87,000	110,401	23,401	80,016
Amusement machine permits	-	-	-	-	103
Dog registration	-	-	815	815	300
<b>Total Licenses and Permits</b>	<u>112,000</u>	<u>112,000</u>	<u>117,466</u>	<u>5,466</u>	<u>111,698</u>
<b>Fines and Forfeitures:</b>					
Court fines	135,000	235,000	335,783	100,783	162,995
<b>Total Fines and Forfeitures</b>	<u>135,000</u>	<u>235,000</u>	<u>335,783</u>	<u>100,783</u>	<u>162,995</u>
<b>Charges for Services:</b>					
Bond fees	7,200	7,200	2,973	(4,227)	2,593
Qualifying Fees	1,620	1,620	-	(1,620)	3,240
Police background checks	8,700	8,700	7,129	(1,571)	8,762
Police accident reports	2,800	2,800	2,216	(584)	2,054
Sale of cemetery lots	25,000	25,000	36,600	11,600	24,613
Festival park	-	5,000	14,714	9,714	-
Rental income	5,200	5,200	8,091	2,891	18,141
<b>Total Charges for Services</b>	<u>50,520</u>	<u>55,520</u>	<u>71,723</u>	<u>16,203</u>	<u>59,403</u>
<b>Intergovernmental:</b>					
Department of Transportation grants	103,299	103,299	156,803	53,504	96,050
Department of Natural Resources grant	-	-	9,316	9,316	45,851
SPLOST	-	-	284	284	-
Utility Commission	350,000	350,000	1,081,371	731,371	336,732
Housing authority	6,000	6,000	15,659	9,659	15,938
Homeowner's tax relief	-	-	-	-	-
<b>Total Intergovernmental</b>	<u>459,299</u>	<u>459,299</u>	<u>1,263,433</u>	<u>804,134</u>	<u>494,571</u>
<b>Miscellaneous:</b>					
Investment earnings	1,000	1,000	765	(235)	2,566
Contributions	26,000	26,000	10,990	(15,010)	19,435
Miscellaneous	5,000	5,000	35,488	30,488	33,328
<b>Total Miscellaneous</b>	<u>32,000</u>	<u>32,000</u>	<u>47,243</u>	<u>15,243</u>	<u>55,329</u>
<b>Total Revenues</b>	<u>\$ 5,568,158</u>	<u>\$ 5,670,226</u>	<u>\$ 6,161,695</u>	<u>\$ 491,469</u>	<u>\$ 5,595,100</u>

**City of Fort Valley, Georgia**  
**Schedule of Expenditures - Budget and Actual - General Fund**  
**For the Year Ended September 30, 2018**  
*(With Comparative Actual Amounts for the Year Ended September 30, 2017)*

	<b>2018</b>			<b>2017</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>Actual</b>
<b>Expenditures:</b>					
<b>General Government:</b>					
Mayor and council	\$ 265,314	\$ 263,104	\$ 263,104	\$ -	\$ 231,217
Administration	547,377	725,375	725,375	-	607,400
Public buildings	41,732	41,732	30,201	(11,531)	69,315
<b>Total General Government</b>	<u>854,423</u>	<u>1,030,211</u>	<u>1,018,680</u>	<u>(11,531)</u>	<u>907,932</u>
<b>Judicial:</b>					
Municipal court	65,137	75,488	75,488	-	66,777
<b>Total Judicial</b>	<u>65,137</u>	<u>75,488</u>	<u>75,488</u>	<u>-</u>	<u>66,777</u>
<b>Public Safety:</b>					
Police	2,552,434	2,838,083	2,385,991	(452,092)	2,234,428
Fire	1,064,145	1,072,749	1,072,749	-	1,026,011
<b>Total Public Safety</b>	<u>3,616,579</u>	<u>3,910,832</u>	<u>3,458,740</u>	<u>(452,092)</u>	<u>3,260,439</u>
<b>Public Works:</b>					
Streets	704,725	770,727	770,727	-	713,204
Cemeteries	359,942	376,902	367,959	(8,943)	357,146
<b>Total Public Works</b>	<u>1,064,667</u>	<u>1,147,629</u>	<u>1,138,686</u>	<u>(8,943)</u>	<u>1,070,350</u>
<b>Culture and Recreation:</b>					
Parks	466,506	490,406	490,406	-	561,674
Senior citizen's center	9,000	5,000	3,023	(1,977)	11,803
Spruce street pool	15,000	15,000	-	(15,000)	15,000
<b>Total Culture and Recreation</b>	<u>490,506</u>	<u>510,406</u>	<u>493,429</u>	<u>(16,977)</u>	<u>588,477</u>
<b>Housing and Development:</b>					
Economic development	31,236	31,289	31,289	-	143,643
<b>Total Housing and Development</b>	<u>31,236</u>	<u>31,289</u>	<u>31,289</u>	<u>-</u>	<u>143,643</u>
<b>Health Insurance</b>	<u>424,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt Service:</b>					
Principal retirement	20,000	21,966	21,966	-	21,309
Interest and fiscal charges	4,000	6,579	6,579	-	4,812
<b>Total Debt Service</b>	<u>24,000</u>	<u>28,545</u>	<u>28,545</u>	<u>-</u>	<u>26,121</u>
<b>Total Expenditures</b>	<u>\$ 6,571,170</u>	<u>\$ 6,734,400</u>	<u>\$ 6,244,857</u>	<u>\$ (489,543)</u>	<u>\$ 6,063,739</u>

**City of Fort Valley, Georgia**  
**Combining Balance Sheet**  
**Non-major Funds**  
**September 30, 2018**

	<u>Special Revenue Funds</u>			<b>Total Non-major Funds</b>
	<b>Hotel/Motel Tax</b>	<b>CHIP Grant 2014-911</b>	<b>2018 CDBG</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,820	\$ 107	\$ 70	\$ 3,997
Receivables:				
Hotel/motel taxes	<u>779</u>	<u>-</u>	<u>-</u>	<u>779</u>
<b>Total Assets</b>	<u>\$ 4,599</u>	<u>\$ 107</u>	<u>\$ 70</u>	<u>\$ 4,776</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 635	\$ -	\$ -	\$ 635
Interfund payable	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<b>Total Liabilities</b>	635	-	100	735
<b>Fund Balances</b>				
Restricted	-	107	(30)	77
Assigned	<u>3,964</u>	<u>-</u>	<u>-</u>	<u>3,964</u>
Total Fund Balance	<u>3,964</u>	<u>107</u>	<u>(30)</u>	<u>4,041</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,599</u>	<u>\$ 107</u>	<u>\$ 70</u>	<u>\$ 4,776</u>

**City of Fort Valley, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Funds**  
**For the Year Ended September 30, 2018**

	<u>Special Revenue Funds</u>			<b>Total Non-Major Funds</b>
	<b>Hotel/Motel Tax</b>	<b>CHIP Grant 2014-911</b>	<b>2018 CDBG</b>	
<b>Revenues</b>				
Hotel/motel taxes	\$ 20,644	\$ -	\$ -	\$ 20,644
Intergovernmental	-	113,869	-	113,869
<b>Total Revenues</b>	<u>20,644</u>	<u>113,869</u>	<u>-</u>	<u>134,513</u>
<b>Expenditures</b>				
Current:				
Housing and development	13,426	143,144	30	156,600
<b>Total Expenditures</b>	<u>13,426</u>	<u>143,144</u>	<u>30</u>	<u>156,600</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,218</u>	<u>(29,275)</u>	<u>(30)</u>	<u>(22,087)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers out	(18,201)	-	-	(18,201)
<b>Total Other Financing (Uses)</b>	<u>(18,201)</u>	<u>-</u>	<u>-</u>	<u>(18,201)</u>
<b>Net Change in Fund Balances</b>	(10,983)	(29,275)	(30)	(40,288)
<b>Fund Balances, Beginning of Year</b>	<u>14,947</u>	<u>29,382</u>	<u>-</u>	<u>44,329</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,964</u>	<u>\$ 107</u>	<u>\$ (30)</u>	<u>\$ 4,041</u>

**City of Fort Valley, Georgia**  
**Hotel/Motel Tax Fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,820	\$ 36,834
Hotel/motel taxes receivable	779	4,071
<b>Total Assets</b>	<b>\$ 4,599</b>	<b>\$ 40,905</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 635	\$ 10,383
Interfund payable	-	15,575
<b>Total Liabilities</b>	635	25,958
 <b>Fund Balances</b>		
Assigned	3,964	14,947
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,599</b>	<b>\$ 40,905</b>

**City of Fort Valley, Georgia**  
**Hotel/Motel Tax Fund**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
**For the Year Ended September 30, 2018**  
*(With Comparative Actual Amounts for the Year Ended September 30, 2017)*

	2018			2017	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
<b>Revenues</b>					
Hotel/motel taxes	\$ 15,000	\$ 15,000	\$ 20,644	\$ 5,644	\$ 25,957
<b>Expenditures</b>					
Current:					
Housing and development	<u>6,000</u>	<u>13,426</u>	<u>13,426</u>	<u>-</u>	<u>10,383</u>
<b>Total Expenditures</b>	<u>6,000</u>	<u>13,426</u>	<u>13,426</u>	<u>-</u>	<u>10,383</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>9,000</u>	<u>1,574</u>	<u>7,218</u>	<u>5,644</u>	<u>15,574</u>
<b>Other Financing (Uses)</b>					
Transfers out	<u>-</u>	<u>(18,201)</u>	<u>(18,201)</u>	<u>-</u>	<u>(8,383)</u>
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(18,201)</u>	<u>(18,201)</u>	<u>-</u>	<u>(8,383)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 9,000</u>	<u>\$ (16,627)</u>	<u>(10,983)</u>	<u>\$ 5,644</u>	<u>7,191</u>
<b>Fund Balances, Beginning of Year</b>			<u>14,947</u>		<u>7,756</u>
<b>Fund Balances, End of Year</b>			<u>\$ 3,964</u>		<u>\$ 14,947</u>

**City of Fort Valley, Georgia**  
**2015 C.H.I.P. Grant fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 107	\$ 29,582
<b>Total Assets</b>	\$ 107	\$ 29,582
<b>Liabilities:</b>		
Interfund payable	\$ -	\$ 200
<b>Total Liabilities</b>	-	200
<b>Fund Balances:</b>		
Restricted	107	29,382
Unassigned	-	-
<b>Total Liabilities and Fund Balances</b>	\$ 107	\$ 29,582

**City of Fort Valley, Georgia**  
**2015 C.H.I.P Grant Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**  
*(With Comparative Actual Amounts for the Year Ended September 30, 2017)*

	2018			2017	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
<b>Revenues:</b>					
Intergovernmental	\$ 100,000	\$ 100,000	\$ 113,869	\$ 13,869	\$ 123,100
<b>Expenditures:</b>					
<b>Current:</b>					
Housing and development	<u>100,000</u>	<u>100,000</u>	<u>143,144</u>	<u>(43,144)</u>	<u>93,645</u>
<b>Total Expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>143,144</u>	<u>(43,144)</u>	<u>93,645</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(29,275)	<u>\$ (29,275)</u>	29,455
<b>Fund Balances, Beginning of Year</b>			<u>29,382</u>		<u>(73)</u>
<b>Fund Balances, End of Year</b>			<u>\$ 107</u>		<u>\$ 29,382</u>

**City of Fort Valley, Georgia**  
**2015 C.H.I.P. Grant Fund**  
**Project Schedule**  
**From Inception Through September 30, 2018**

<b>Program Activity</b>	<b>Project Budget</b>	<b>Expenditures</b>			<b>Variance with Project Budget</b>
		<b>In Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
Rehabilitation of private properties	\$ 300,000	\$ 156,703	\$ 143,144	\$ 299,847	\$ 153
Administration	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
<b>Total</b>	<u>\$ 306,000</u>	<u>\$ 162,703</u>	<u>\$ 143,144</u>	<u>\$ 305,847</u>	<u>\$ 153</u>

**City of Fort Valley, Georgia**  
**2018 CDBG fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 70	\$ -
<b>Total Assets</b>	\$ 70	\$ -
<b>Liabilities:</b>		
Interfund payable	\$ 100	\$ -
<b>Total Liabilities</b>	100	-
<b>Fund Balances:</b>		
Restricted	(30)	-
Unassigned	-	-
<b>Total Liabilities and Fund Balances</b>	\$ 70	\$ -

**City of Fort Valley, Georgia**  
**2018 CDBG fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**  
*(With Comparative Actual Amounts for the Year Ended September 30, 2017)*

	2018			2017	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>					
<b>Current:</b>					
Housing and development	-	-	30	(30)	-
<b>Total Expenditures</b>	-	-	30	(30)	-
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	(30)	<u>\$ (30)</u>	-
<b>Fund Balances, Beginning of Year</b>			-		-
<b>Fund Balances, End of Year</b>			<u>\$ (30)</u>		<u>\$ -</u>

**City of Fort Valley, Georgia**  
**2015 SPLOST Fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 844,949	\$ 593,669
Intergovernmental receivable	127,442	102,829
Interfund receivable	22,965	-
<b>Total Assets</b>	<b>\$ 995,356</b>	<b>\$ 696,498</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 44,102	\$ 14,475
Interfund payable	5,200	-
<b>Total Liabilities</b>	49,302	14,475
<b>Fund Balances</b>		
Restricted	946,054	682,023
<b>Total Liabilities and Fund Balances</b>	<b>\$ 995,356</b>	<b>\$ 696,498</b>

**City of Fort Valley, Georgia**  
**2015 SPLOST Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Intergovernmental	\$ 714,762	\$ 604,100
Interest	647	518
<b>Total Revenues</b>	715,409	604,618
<b>Expenditures</b>		
Capital outlay	397,799	445,258
<b>Total Expenditures</b>	397,799	445,258
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	317,610	159,360
<b>Other Financing Sources (Uses)</b>		
Transfers in/(out)	(53,579)	-
<b>Total Other Financing Sources (Uses)</b>	(53,579)	-
<b>Net Change in Fund Balances</b>	264,031	159,360
<b>Fund Balances, Beginning of Year</b>	682,023	522,663
<b>Fund Balances, End of Year</b>	\$ 946,054	\$ 682,023

**City of Fort Valley, Georgia**  
**2008 SPLOST Fund**  
**Comparative Balance Sheet**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,419,554	\$ 1,981,777
Intergovernmental receivable	-	11,211
Interfund receivable	5,200	-
<b>Total Assets</b>	<b>\$ 1,424,754</b>	<b>\$ 1,992,988</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 53,517
Interfund payable	79,596	77,265
<b>Total Liabilities</b>	79,596	130,782
<b>Fund Balances</b>		
Restricted	1,345,158	1,862,206
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,424,754</b>	<b>\$ 1,992,988</b>

**City of Fort Valley, Georgia**  
**2008 SPLOST Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Intergovernmental	\$ -	\$ -
Interest	<u>1,587</u>	<u>2,377</u>
<b>Total Revenues</b>	1,587	2,377
<b>Expenditures</b>		
Intergovernmental	<u>518,635</u>	<u>227,793</u>
<b>Total Expenditures</b>	<u>518,635</u>	<u>227,793</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(517,048)</u>	<u>(225,416)</u>
<b>Other Financing Sources/(Uses)</b>		
Transfers in	<u>-</u>	<u>11,211</u>
<b>Total Other Financing Sources/(Uses)</b>	<u>-</u>	<u>11,211</u>
<b>Net Change in Fund Balances</b>	(517,048)	(214,205)
<b>Fund Balances, Beginning of Year</b>	<u>1,862,206</u>	<u>2,076,411</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,345,158</u>	<u>\$ 1,862,206</u>

## **SPECIAL REPORTS SECTION**

**BUTLER, WILLIAMS & WYCHE, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
5223 RIVERSIDE DRIVE  
MACON, GEORGIA 31201

**June 4, 2021**

**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 Members  
of the 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, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Fort Valley, Georgia's basic financial statements and have issued our report thereon dated June 4, 2021. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable cash flows thereof and the budgetary comparison information for the General fund for the year then ended. Accordingly, we do not express an opinion on these financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Fort Valley, Georgia's internal control over financial reporting (internal control) to determine the 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 of Fort Valley, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Valley, Georgia'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, 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 to be material weaknesses: items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies: items 2018-001 and 2018-010.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Fort Valley, Georgia'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 determination of financial statement amounts. 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 as item 2018-009.

**City of Fort Valley, Georgia's Response to Findings**

The City of Fort Valley, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Fort Valley, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

*Butler, Williams & Hyche, LLP*

Macon, Georgia

*City of Fort Valley, Georgia  
Schedule of Findings  
For the Year Ended September 30, 2018*

- 2018-001** *Criteria* – Duties should be segregated between employees so that the responsibility for authorizing transactions, recording 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 intentional or unintentional errors that could occur without being promptly detected.
- 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.
- Response/Corrective Action Plan* – We concur. The City has segregated the responsibility of finances as much as possible with the limited staff. We will continue to review the duties performed by the staff available and work to further segregate as much as possible.
- 2018-002** *Criteria* – Accrued receivables/revenues, and liabilities/expenditures/expenses should be reversed in the subsequent year once they have been received or paid, respectively.
- Condition* – While many of the prior year adjusting entries and reversals were made, they were not done so correctly, requiring material adjusting entries to correct balances.
- Cause of Condition* – Necessary adjustments and reversing entries for prior year accruals were not correctly recorded.
- Effect of Condition* – Multiple accounts were misstated by material amounts. Audit adjustments were required to correct these misstatements.
- Recommendation* – We recommend that the City improve its controls over financial recording to ensure that adjusting entries accepted by management are reversed, when applicable, in the City’s books.
- Response/Corrective Action Plan* – We concur. We will put in place procedures so adjusting entries are reversed timely and correctly.
- 2018-003** *Criteria* – Generally accepted accounting principles require that revenues be recorded in the period in which they are both measureable and available to finance current period expenditures. Also, procedures should be in place to ensure all payables and expenditures/expenses are properly recorded, in a timely manner, regardless of the timing of the related cash flows.
- Condition* – The City’s internal controls were not adequate to determine the entries needed to properly reflect the City’s end of year account balances in receivables/revenues and liabilities/expenditures/expenses.
- Cause of Condition* – During our audit of receivables/revenues and liabilities/expenditures/expenses we noted several audit adjustments that were needed to properly reflect end of year account balances.
- Effect of Condition* – Multiple accounts were misstated by material amounts. Audit adjustments were required to correct these misstatements.
- Recommendation* – We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that expenditures/expenses are recorded in the proper reporting period.
- Response/Corrective Action Plan* – We concur. We will put measures in place to ensure that receivables/revenues and expenditures/expenses are recorded in the proper reporting period. We also plan to segregate duties within our staff to make sure this task is completed monthly.

*City of Fort Valley, Georgia  
Schedule of Findings  
For the Year Ended September 30, 2018*

- 2018-004** *Criteria* – Generally, expenditures should be recorded for obligations incurred during the reporting period.
- Condition* – Payroll liabilities and expenditures were understated. In addition, supporting documentation for the final payroll adjustment was missing, and thus it was not possible to determine the appropriate fiscal year ending balances of the payroll withholding accounts.
- Cause of Condition* – The City’s internal controls were not adequate to determine the entries needed to reflect payroll expenditures.
- Effect of condition* – Audit adjustments were required to record payroll expenditures with corresponding adjustments to the payroll liability accounts.
- Recommendation* – We recommend the City review its payroll liability/expenditure accounts at year end to ensure that the accounts include all payroll incurred during the reporting period.
- Response/Corrective Action Plan* - We concur. Procedures have been put in place to ensure that fiscal year ending payroll is properly recorded.
- 
- 2018-005** *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. These expenditures were not properly recorded.
- Cause of Condition* – The City’s internal controls were not sufficient to identify interfund accounts did not balance. The City lacked appropriate controls necessary to record all of the necessary interfund activity.
- Effect of Condition* – Audit adjustments were needed to correctly balance the interfund accounts.
- Recommendation* – We recommend the City review interfund accounts to ensure they are properly recorded and balanced for all funds as appropriate, and all interfund accounts be reconciled on a monthly basis.
- Response/Corrective Action Plan* – We concur. Measures will be put into place to ensure interfund transactions will be properly recorded.
- 
- 2018-006** *Criteria* – Internal controls should be designed to ensure all bank accounts are reconciled on a monthly basis.
- Condition* – Bank accounts were not reconciled on a timely basis for the fiscal year ending September 30, 2018. Additionally, numerous bank accounts had unresolved differences that required material adjustments to correct the account balances.
- Cause of Condition* – City personnel did not possess the professional skills, technical expertise, and knowledge necessary to properly reconcile the bank accounts in a timely manner.
- Effect of Condition* – Failure to reconcile bank statements monthly and timely could result in misstatements without the City’s knowledge, and losses could occur due to not detecting bank statement errors within the allotted time period established by the bank.
- Recommendation* – We recommend for all bank accounts to be reconciled and reviewed on a monthly basis and additional training be provided to reduce posting errors.
- Response/Corrective Action Plan* – We concur. We will strive toward timely and accurate reconciliations of all bank accounts.

**City of Fort Valley, Georgia**  
**Schedule of Findings**  
**For the Year Ended September 30, 2018**

- 2018-007** **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 generally accepted accounting principles.
- Condition** – The City has not properly recorded expenditures, revenue, accruals, liability and asset balances correctly or prepared monthly financial reports in order to review and evaluate the financial health of the City.
- Cause of Condition** – City personnel did not possess the professional skills, technical expertise, and knowledge necessary to follow generally accepted accounting principles and governmental accounting standards on guidance for municipalities.
- Effect of Condition** – The independent auditor has identified material corrections and adjustments to the City’s financial records 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.
- Response/Corrective Action Plan** – We concur. Management will strive to provide financial training to accounting personnel to assist them in identifying, detecting and correcting misstatements in the accounting records.
- 2018-008** **Criteria** – Timely and accurate financial reports are vital in order to perform analysis of the City’s financial condition, and review data for accuracy and completeness, monitor compliance and prepare annual financial statements.
- Condition** – The City has been unable to maintain timely and accurate accounting records in significant and material ways.
- Cause of Condition** – The City’s general ledger for fiscal year 2018 were not available for the external auditor until December 2019, and once received, the balances were not reliable. Account balances required an inordinate amount of research time to track down relevant data and determine the balances.
- Effect of Condition** – The City was unable to monitor financial activity on a monthly basis for fiscal year 2018. Material adjustments were required by the independent auditor to correct financial activity.
- Recommendation** – We recommend management consider additional training for the financial staff to provide accounting personnel with adequate skills necessary for daily record keeping.
- Response/Corrective Action Plan** – We concur. Management will consider additional training to financial staff to alleviate delays in financial monitoring and reporting.
- 2018-009** **Criteria** – The Official Code of Georgia (OCGA), Section 48-8-121(a)(1), 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.
- Response/Corrective Action Plan** – We concur. Management will ensure that SPLOST funds are not comingled with any other funds.

*City of Fort Valley, Georgia  
Schedule of Findings  
For the Year Ended September 30, 2018*

**Fort Valley Main Street/Downtown Development Authority**

**2018-010** *Criteria* – Duties should be segregated between employees so that the responsibility for authorizing transactions, recording 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.

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

*Response/Corrective Action Plan* – We concur. Due to our limited number of personnel, we have determined that it is not cost effective to fully segregate duties. As such, management has implemented compensating controls, to the extent practical, to include the Executive Director’s supervision and review of employees’ duties.

*City of Fort Valley, Georgia  
Schedule of Prior Year Findings  
For the Year Ended September 30, 2018*

- 2017-001**    *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 2018-001.
- 2017-002**    *Condition* – While many of the prior year adjusting entries and reversals were made, they were not done so correctly, requiring material adjusting entries to correct balances.  
*Recommendation* – We recommend that the City improve its controls over financial recording to ensure that adjusting entries accepted by management are reversed, when applicable, in the City’s books.  
*Status*- Unresolved. See current finding 2018-002.
- 2017-003**    *Condition* – The City’s internal controls were not adequate to determine the entries needed to properly reflect the City’s end of year account balances in receivables/revenues and liabilities/expenditures/expenses.  
*Recommendation* – We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that expenditures/expenses are recorded in the proper reporting period.  
*Status*-Unresolved. See current finding 2018-003.
- 2017-004**    *Condition* – Payroll liabilities and expenditures were understated.  
*Recommendation* – We recommend the City review its payroll liability/expenditure accounts at year end to ensure that the accounts include all payroll incurred during the reporting period.  
*Status*- Unresolved. See current finding 2018-004.
- 2017-005**    *Condition* – The City recorded its capital lease payment for equipment in the Sanitation fund as a debt service expenditure.  
*Recommendation* – We recommend the City review debt expenditures to ensure they are properly recorded.  
*Status*- Resolved.
- 2017-006**    *Condition*: The City recorded expenditures for home renovations as capital outlay. These home renovations were for the homes of citizens and did not improve any property held by the City.  
*Recommendation*: We recommend that the City review its capital outlay expenditures to determine that it has possession over the items created or improved.  
*Status*- Resolved.

**City of Fort Valley, Georgia**  
**Schedule of Prior Year Findings**  
**For the Year Ended September 30, 2018**

**2017-007**    **Condition** – Bank accounts were not reconciled for the fiscal year ending September 30, 2016. Additionally, numerous bank accounts had unresolved immaterial differences due to improper postings.

**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 2018-006.

**2017-008**    **Condition** – SPLOST funds were used for operational cost for the stormwater system.

**Recommendation** – We recommend management and all financial staff become familiar and knowledgeable with the SPLOST referendums, regulations and laws governing SPLOST funds.

**Status**- Resolved.

**2017-009**    **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 2018-007.

**2017-010**    **Condition** – The City has been unable to maintain timely accounting records.

**Recommendation** – We recommend management consider additional training for the financial staff to provide accounting personnel with adequate skills necessary for daily record keeping.

**Status**- Unresolved. See current finding 2018-008.

**2017-011**    **Condition** – Irregularities were noted in the bidding process. A construction project was awarded to a related party of one of the city council members. It is unclear if this relationship was properly disclosed before the project was awarded.

**Recommendation** – We recommend the city review its bidding process to insure it is in accordance with state law.

**Status**- Resolved.

**Fort Valley Main Street/Downtown Development Authority**

**2017-012**    **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 2018-010.

**City of Fort Valley, Georgia**  
**Schedule of Projects Undertaken**  
**With Special Purpose Sales Tax Proceeds**  
**For the Year Ended September 30, 2018**

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			In Prior Years	Current Year	Total
<b>2008 Referendum</b>					
Water and Sewer Projects					
Stormwater Drainage	\$ 2,500,000	\$ 2,500,000	\$ 473,432	\$ 518,634	\$ 992,066
Public Safety Equipment	500,000	500,000	466,734	-	466,734
Road, Street and Bridge Purposes (a)	-	250,000	234,083	-	234,083
	<u>\$ 3,000,000</u>	<u>\$ 3,250,000</u>	<u>\$ 1,174,249</u>	<u>\$ 518,634</u>	<u>\$ 1,692,883</u>
<b>2008 Referendum - Main Street DDA</b>					
Cultural, Historical and Recreational Facilities	\$ 75,000	\$ 75,000	\$ 74,841	\$ -	\$ 74,841

(a) This line item represents the amount 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		
			In Prior Years	Current Year	Total
<b>2015 Referendum</b>					
Roads, Streets, Bridges, and Drainage (including Stormwater)	\$ 1,453,000	\$ 1,453,000	\$ 114,765	\$ 8,183	\$ 122,948
Government Buildings and Solid Waste Facilities and Equipment	1,151,000	1,151,000	100,416	76,162	176,578
Cultural, Historical, and Recreational Projects	651,000	651,000	451,364	30,764	482,128
Public Safety Facilities and Equipment	651,000	651,000	147,973	336,269	484,242
	<u>\$ 3,906,000</u>	<u>\$ 3,906,000</u>	<u>\$ 814,518</u>	<u>\$ 451,378</u>	<u>\$ 1,265,896</u>