

CITY OF FORT VALLEY, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended
September 30, 2015

**City of Fort Valley, Georgia
Annual Financial Report
For The Year Ended September 30, 2015**

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FINANCIAL SECTION

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August 15, 2016

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, 2015, 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.

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

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

Opinions

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

Emphasis of Matter

As described in Note 4-I to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard significantly changed the accounting for the City's net pension liability and related disclosures. Our opinion is not modified with respect to this matter.

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 undertaking 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. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, are fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of the projects of the City of Fort Valley, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2016 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.

Butler, Williams & Styer, LLP

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, 2015. 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 \$8,295,102 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$5,064,421 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 \$2,609,627 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net position of \$621,054 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 \$5,091,097 this year. This compares to the prior year ending fund balance of \$2,739,700 showing an increase of \$2,351,397 during the current year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,567,412 or 28% 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 \$8,295,102. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	(Restated) 2014	2015	(Restated) 2014	2015	(Restated) 2014
Assets:						
Current assets	\$ 5,355,026	\$ 2,907,367	\$ (56,303)	\$ (318,562)	\$ 5,298,723	\$ 2,588,805
Capital assets	5,112,528	5,090,798	292,029	199,022	5,404,557	5,289,820
Total assets	<u>10,467,554</u>	<u>7,998,165</u>	<u>235,726</u>	<u>(119,540)</u>	<u>10,703,280</u>	<u>7,878,625</u>
Liabilities:						
Current liabilities	362,370	260,184	77,230	22,883	439,600	283,067
Long-term liabilities	1,559,047	1,731,534	271,379	168,406	1,830,426	1,899,940
Total liabilities	<u>1,921,417</u>	<u>1,991,718</u>	<u>348,609</u>	<u>191,289</u>	<u>2,270,026</u>	<u>2,183,007</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>121,574</u>	<u>151,969</u>	<u>16,578</u>	<u>20,723</u>	<u>138,152</u>	<u>172,692</u>
Net position:						
Net investment in capital assets	4,923,833	4,882,050	140,588	199,022	5,064,421	5,081,072
Restricted-Capital Projects	2,555,906	102,458	-	-	2,555,906	102,458
Restricted-Public Safety	53,721	-	-	-	53,721	-
Restricted-Program Purposes	-	3,202	-	-	-	3,202
Unrestricted	891,103	866,768	(270,049)	(530,574)	621,054	336,194
Total net position	<u>\$ 8,424,563</u>	<u>\$ 5,854,478</u>	<u>\$ (129,461)</u>	<u>\$ (331,552)</u>	<u>\$ 8,295,102</u>	<u>\$ 5,522,926</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 14.8 to 1, as compared to 11.2 to 1 at September 30, 2014. The current ratio for the business-type activities at September 30, 2015 is -.73 to 1 as compared to -13.9 to 1 at September 30, 2014. For the City overall, the current ratio is 12.05 to 1 as compared to 9.2 to 1 at September 30, 2014.

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 \$2,570,085 for governmental activities and increased by \$202,091 for business-type activities. The City's overall financial position increased by \$2,772,176 over the prior year.

Note that approximately 58% of the governmental activities' net position is tied up in capital. This compares to 83% at September 30, 2014. The City uses these capital assets to provide services to its citizens. 61% of the City's total net position is included in capital assets as compared to 92% at September 30, 2014.

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program:						
Charges for services	\$ 325,480	\$ 378,044	\$ 1,151,583	\$ 1,135,638	\$ 1,477,063	\$ 1,513,682
Operating grants	21,200	78,741	-	-	21,200	78,741
Capital grants & contributions	2,853,560	70,893	-	-	2,853,560	70,893
General:						
Taxes	4,665,863	4,910,261	-	-	4,665,863	4,910,261
Intergovernmental	310,825	120,000	-	-	310,825	120,000
Other	34,939	21,388	37,472	621	72,411	22,009
Total revenues	8,211,867	5,579,327	1,189,055	1,136,259	9,400,922	6,715,586
Program expenses:						
General government	882,334	766,429	-	-	882,334	766,429
Judicial	64,100	66,210	-	-	64,100	66,210
Public safety	2,997,667	3,326,476	-	-	2,997,667	3,326,476
Public works	1,052,998	1,105,299	-	-	1,052,998	1,105,299
Culture and recreation	496,741	459,872	-	-	496,741	459,872
Housing and development	141,874	103,831	-	-	141,874	103,831
Interest	6,068	5,516	-	-	6,068	5,516
Sanitation			986,964	1,145,801	986,964	1,145,801
Total expenses	5,641,782	5,833,633	986,964	1,145,801	6,628,746	6,979,434
Excess (deficiency)	2,570,085	(254,306)	202,091	(9,542)	2,772,176	(263,848)
Transfers	-	-	-	-	-	-
Net changes in net position	2,570,085	(254,306)	202,091	(9,542)	2,772,176	(263,848)
Beginning net position	5,854,478	7,481,463	(331,552)	(134,826)	5,522,926	7,346,637
Implementation of GASB 68 restatement	-	(1,372,679)	-	(187,184)	-	(1,559,863)
Ending net position	\$ 8,424,563	\$ 5,854,478	\$ (129,461)	\$ (331,552)	\$ 8,295,102	\$ 5,522,926

GOVERNMENTAL REVENUES

In total, taxes make up 57% of the total revenues stream. This percentage compares to 87.8% in 2014. Property taxes make up 21.6% of revenues and the local option sales taxes make up 12.8% of total revenues. These percentages compare to 36.2% and to 19.7% respectively for 2014.

Interest rates slightly decreased allowing the City to earn \$2,603 in interest earnings to support governmental activities as compared to \$3,267 in 2014. Also, note that program revenues cover only 57% of governmental operating expenses. In 2014, this percentage was 9%. This means that the government's taxpayers and the City's other general governmental revenues fund 43% of the governmental activities as compared to 91% in 2014. As a result, the general economy and the success of City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

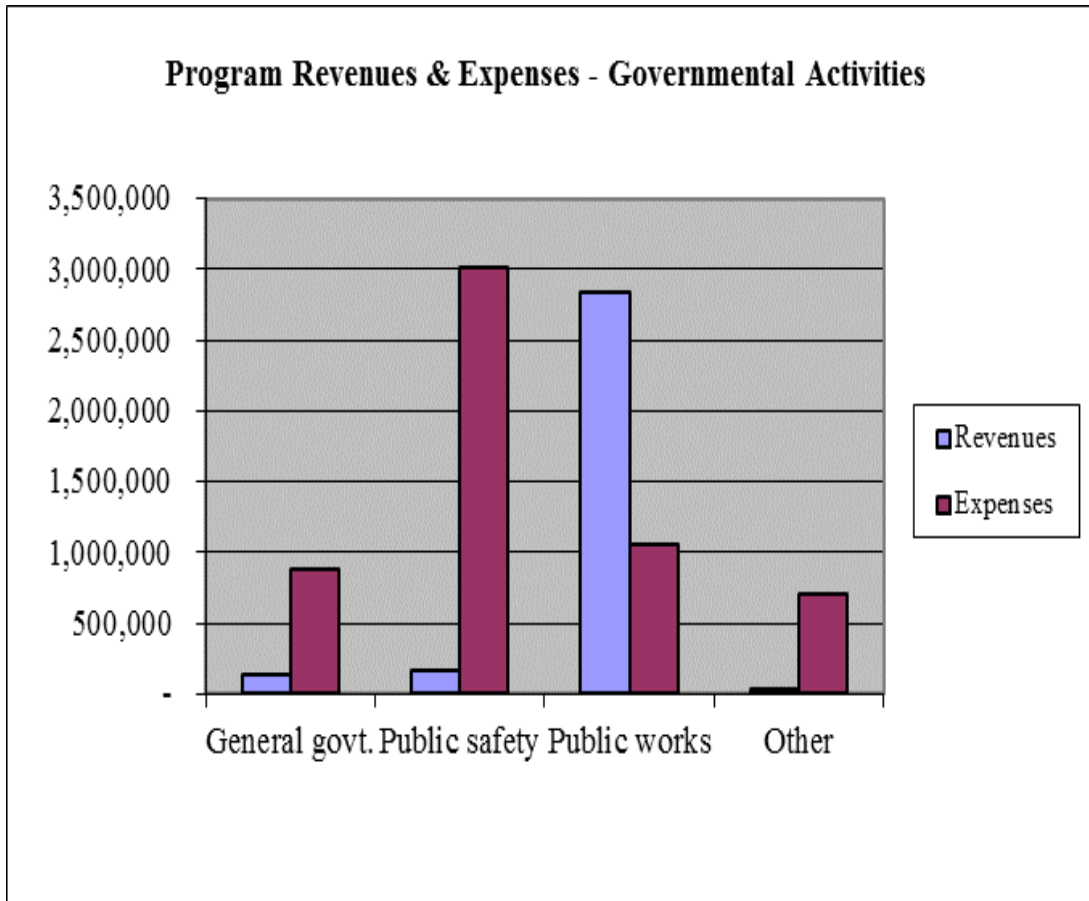
53% of the total costs relates to public safety. This percentage compares to 57% in 2014. Public Works expenses decreased \$52,301. This decrease partly relates to less expenses in maintenance.

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.

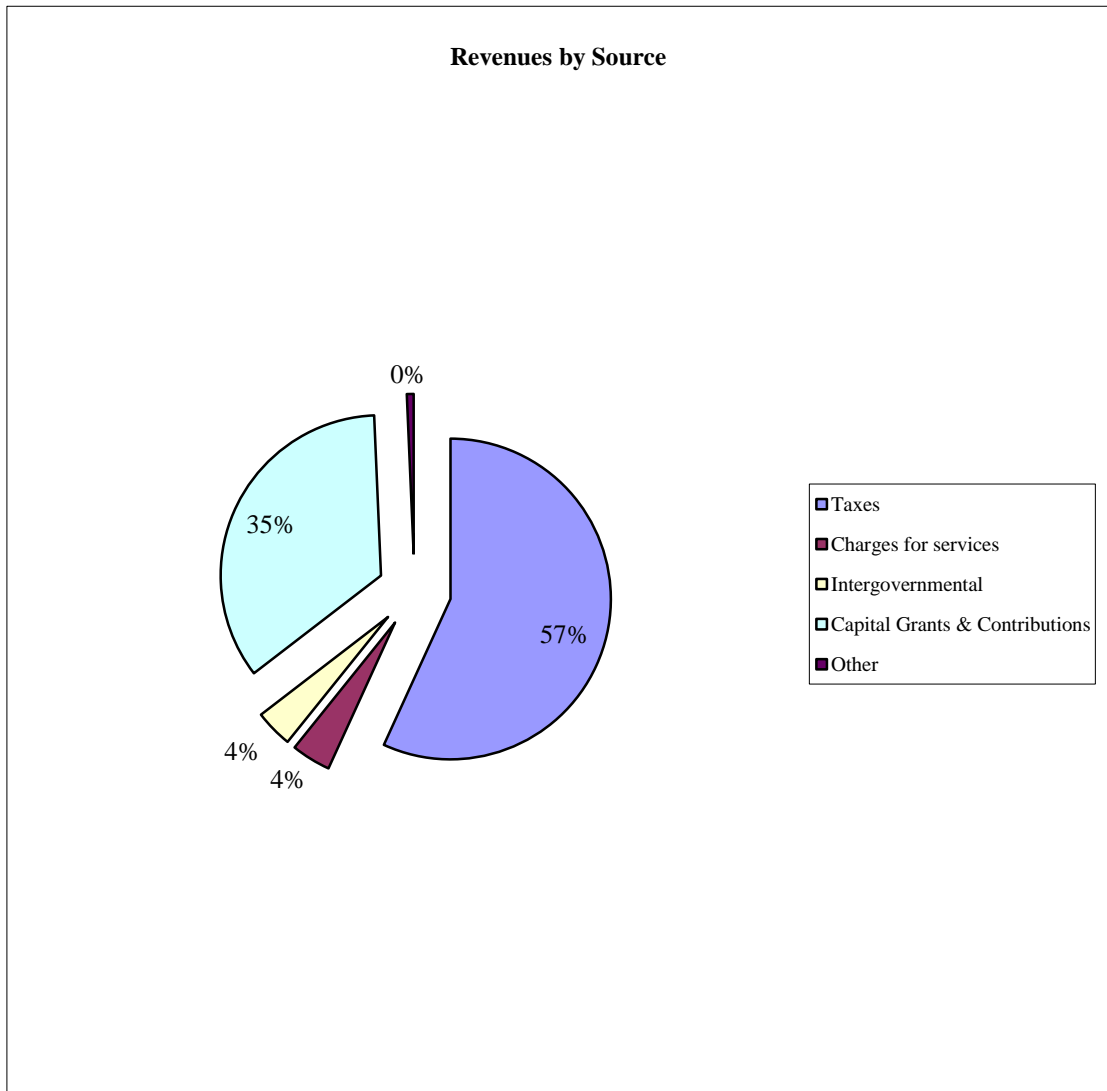
Governmental Activities

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 882,334	\$ 751,273	\$ 766,429	\$ 628,223
Judicial	64,100	64,100	66,210	66,210
Public safety	2,997,667	2,835,351	3,326,476	3,050,299
Public works	1,052,998	(1,777,112)	1,105,299	1,006,345
Culture and recreation	496,741	419,988	459,872	429,615
Housing and development	141,874	141,874	103,831	103,831
Interest	6,068	6,068	5,516	5,516
Total	<u>\$ 5,641,782</u>	<u>\$ 2,441,542</u>	<u>\$ 5,833,633</u>	<u>\$ 5,290,039</u>

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BUSINESS-TYPE ACTIVITIES

The City's only enterprise fund is the sanitation fund. Net position increased by \$199,091 to (\$129,461) at September 30, 2015, compared to (\$331,552) at September 30, 2014. 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

	September 30, 2015		September 30, 2014		September 30, 2013	
	Amount	% of Total	(Restated) Amount	% of Total	Amount	% of Total
Assets:						
Current assets	\$ 360,258	55%	\$ 244,644	55%	\$ 411,753	62%
Capital assets	292,029	45%	199,022	45%	253,508	38%
Total assets	\$ 652,287	100%	\$ 443,666	100%	\$ 665,261	100%
Liabilities:						
Current liabilities	\$ 493,791	65%	\$ 586,089	78%	\$ 798,891	100%
Non-current liabilities	271,379	35%	168,406	22%	1,196	0%
Total liabilities	765,170	100%	754,495	100%	800,087	100%
DEFERRED INFLOWS OF RESOURCES	16,578	100%	20,723	100%	-	100%
Net Position:						
Net investment in capital assets	140,588	-109%	199,022	-60%	193,790	-144%
Unrestricted	(270,049)	209%	(530,574)	160%	(328,616)	244%
Total net position	\$ (129,461)	100%	\$ (331,552)	100%	\$ (134,826)	100%

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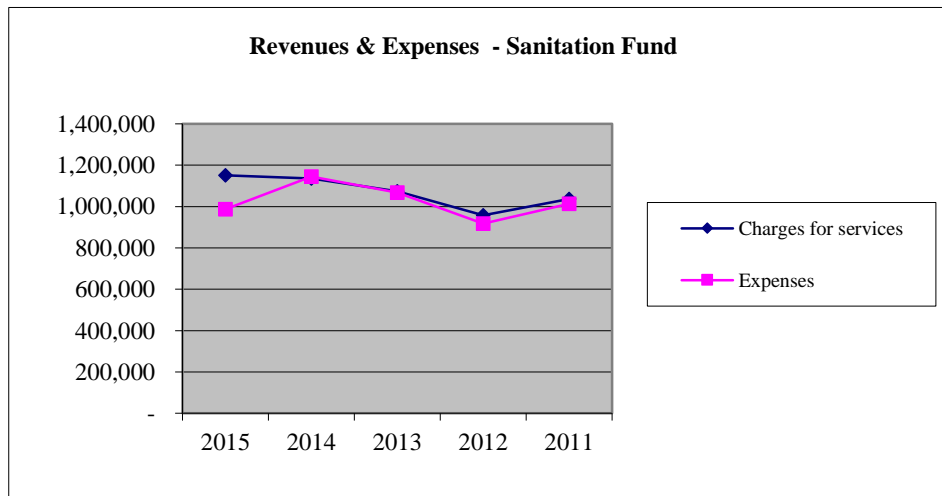
Summary of Changes in Net Position

	2015		2014		2013	
	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total
Revenues:						
Charges for services	\$ 1,151,583	96.8%	\$ 1,135,638	99.9%	\$ 1,073,367	99.9%
Investment earnings	472	0.0%	621	0.1%	627	0.1%
Gain on sale of capital assets	37,000					
Total revenues	1,189,055	96.9%	1,136,259	100.0%	1,073,994	100.0%
Expenses:						
Personal services	468,818	47.5%	503,438	43.9%	544,981	50.7%
Purchased services	276,821	28.0%	311,091	27.2%	265,069	24.7%
Materials and supplies	169,812	17.2%	256,413	22.4%	197,359	18.4%
Bad debt	13,079	1.3%	18,693	0.0%	6,303	0.0%
Depreciation	58,434	5.9%	54,486	4.8%	54,486	5.1%
Interest	-	0.0%	1,680	0.1%	7,032	0.7%
Loss on disposal of assets	-	0.0%	-	0.0%	-	0.0%
Total expenses	986,964	100.0%	1,145,801	98.4%	1,075,230	99.4%
Excess (deficiency)	202,091		(9,542)		(1,236)	
Contributions	-		-		-	
Transfers	-		-		-	
Net change	202,091		(9,542)		(1,236)	
Beginning net position	(331,552)		(134,826)		(133,590)	
Implementation of GASB 68 restatement	-		(187,184)		-	
Ending net position	\$ (129,461)		\$ (331,552)		\$ (134,826)	

BUSINESS-TYPE ACTIVITIES ANALYSIS

2014 Analysis - Charges for services increased \$62,271 or 5.8% from fiscal year 2013. This increase was due to the increase in business from a local contractor hauling to the city's transfer station. Total operating expenses increased \$70,571 or 6.6% and reflects the fact that more waste was transported to the landfill due to the contractor waste as well as increase in cost to dispose of yard debris. Personal service costs were down \$41,543 or 7.6%. Materials and supplies experienced an increase of \$59,054 or 29.9%. In fiscal year 2014, the operating loss from fiscal year 2013 increased by \$9,542. The beginning net assets as restated is still not able to absorb the total losses.

2015 Analysis - Charges for services increased only \$15,954 or 1.4% from fiscal year 2014. Total operating expenses decreased \$157,157 or 13.7% and reflects the fact that a new method of disposing of yard debris was implemented and the purchase of a new truck decreased maintenance and fuel costs. Personal service costs were down \$34,620 or 6.8%. This was mainly due to the reallocation of that cost among the departments. Materials and supplies experienced a significant decrease of \$86,601 or 33.7%. In fiscal year 2015, the total operating cost from fiscal year 2014 decreased by \$173,102.



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 \$5,091,097 as compared to \$2,739,700 at September 30, 2014. Of the City's \$5,091,097 fund balance, \$53,721 is restricted for Public Safety Technology and \$2,555,906 is restricted for SPLOST capital projects. \$915,211 is assigned for Contingencies.

The total ending fund balances of governmental funds show a increase of \$2,351,397 or 85.8% increase 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 \$113,612 or 4.2%. In fiscal year 2014, the fund balance decreased \$293,378.

Total revenues decreased \$138,167 or 2.5% in 2015. Total taxes decreased \$247,214 or 5%. Property taxes in 2015 were down \$250,413 or 12.3% compared to 2014. The local option sales taxes decreased \$56,374 or 5.1%.

Expenditures in total decreased \$519,134 or 8.5%. General government decreased \$233,132 or 20.7%. This decrease relates to a new roof and HVAC upgrades that were completed in 2014. Public safety function was down \$212,834 or 6.6%. This decrease relates mostly to the purchase of new patrol cars, which decreased maintenance and fuel costs and several vacancies within the department. Public Works was down \$126,753 or 12.1%.

SPLOST 2004 Capital Projects Fund – In 2004, the citizens authorized the County, through referendum, to levy a 1% special purpose local option sales tax. The City received 8.17% of the total County collections. The purpose of the City's share of the taxes is drainage. In fiscal year 2015, the City did not receive any additional proceeds from the County due the expiration of the tax. There was \$9,684 of these taxes expended on drainage at various sites throughout the City during 2015. This expenditure deleted the fund.

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. In fiscal year 2015, the City received \$2,413,506 in tax proceeds. A total of \$141,164 was expended on various capital projects.

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 2015, the City received \$303,085 in tax proceeds. A total of \$87,935 was expended on various capital projects.

Budgetary Highlights

The General Fund – During the fiscal year ended September 30, 2015, the City Council adopted amendments to the budget. The final budget represents increases in revenues and expenditures to mostly account for funds used to do street and parks improvements. It was required to adjust some departments mainly due to the manner in which the City Council allocates funds for Health Insurance. All of the funds for Health Insurance are allocated in a separate department and then the departmental operating budgets are increased and the Health Insurance budget is decreased based on actual expenditures. The health insurance costs are allocated based on the number of employees in the department. The Health Insurance original budget was \$846,983. This total amount was reallocated to the departments.

Budgeted revenues were amended in Insurance premium tax category to account for funds received from this tax. The budgeted amounts for Miscellaneous and Court fines were not met. The city also did not collect the budgeted amounts in the categories of Real and Personal Property Taxes, Selective Taxes and Licenses and Permits. The City exceeded budgeted amounts in the categories of Charges for Services and Intergovernmental revenues. Actual revenues came in under budgeted revenues by \$80,581.

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, 2015, was \$4,923,833 and \$140,588 respectively. The increase in this net investment was .9% for governmental activities and a 29.4% decrease for business-type activities. The overall decrease was .3% for the City as a whole. 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.

	Capital Assets				Total	
	Governmental Activities		Business-type Activities			
	2015	2014	2015	2014	2015	2014
Non-depreciable assets						
Land	\$690,882	\$ 690,882	\$ -	\$ -	\$690,882	\$ 690,882
Construction in progress	41,957	4,832	-	-	41,957	4,832
Total non-depreciable assets	732,839	695,714	-	-	732,839	695,714
Depreciable assets:						
Buildings	2,388,985	2,369,180	-	-	2,388,985	2,369,180
Infrastructure	1,533,403	1,486,722	-	-	1,533,403	1,486,722
Improvements	553,950	544,458	-	-	553,950	544,458
Machinery and equipment	3,620,464	3,470,945	1,380,019	1,347,730	5,000,483	4,818,675
Total depreciable assets	8,096,802	7,781,305	1,380,019	1,347,730	9,476,821	9,219,035
Less accumulated depreciation	3,717,113	3,476,221	1,087,990	1,148,708	4,805,103	4,624,929
Book value – depreciable assets	4,379,689	4,395,084	292,029	199,022	4,671,718	4,594,106
Percentage depreciated	46%	44%	79%	85%	50%	50%
Book value – all assets	\$5,112,528	\$5,090,798	\$ 292,029	\$ 199,022	\$5,404,527	\$5,289,820

At September 30, 2015, the depreciable capital assets for governmental activities were 46% depreciated. The percentage at September 30, 2014 was 44%.

With the City's business-type activities, 79% of the asset values were depreciated at September 30, 2015 compared to 85% at September 30, 2014.

Long-term Debt

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals		% Change
	2015	2014	2015	2014	2015	2014	
Capital leases	\$ 188,695	\$ 208,748	\$ 151,411	\$ -	\$ 340,106	\$ 208,748	63%
Net Pension Liability	1,074,691	1,220,710	146,549	166,461	1,221,240	1,387,171	-12%
Employer funded death benefit	199,678	213,433	-	-	199,678	213,433	-6%
Compensated absences	194,424	181,160	12,908	12,966	207,332	194,126	7%
Total	<u>\$ 1,657,488</u>	<u>\$ 1,824,051</u>	<u>\$ 310,868</u>	<u>\$ 179,427</u>	<u>\$ 1,968,356</u>	<u>\$ 2,003,478</u>	-2%

During fiscal year 2014, the City Governmental Activities acquired a capital lease. The Sanitation Fund acquired a capital lease in fiscal year 2015.

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 2010 U.S. Bureau of Census, the City average household size is 2.57. Approximately 75% of the population is a high school graduate or higher and 18% has a bachelor's degree or higher. These percentages are slightly below the state of Georgia's averages.

The median household income is \$29,255 or only 41% of the state average. The per capital income is \$15,967 compared to \$25,134 for the state. About 38% of the City's population is below the United States poverty level.

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 City Administrator at Post Office Box 956, Fort Valley, Georgia, 31030.

BASIC FINANCIAL STATEMENTS

City of Fort Valley, Georgia
Statement of Net Position
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current Assets:				
Cash and cash equivalents (Note 3A)	\$ 4,306,724	\$ 107,917	\$ 4,414,641	\$ 500,659
Investments (Note 3A)	-	-	-	9,970,240
Receivables:				
Accounts	114,897	93,364	208,261	2,532,335
Taxes	113,073	-	113,073	-
Intergovernmental	403,771	158,977	562,748	11,400
Interest	-	-	-	11,845
Internal	416,561	(416,561)	-	-
Inventory	-	-	-	532,385
Prepaid items	-	-	-	108,532
Non-current Assets:				
Restricted assets	-	-	-	3,089,084
Capital assets: (Note 3D)				
Non-depreciable capital assets	732,839	-	732,839	1,391,681
Depreciable capital assets, net	4,379,689	292,029	4,671,718	31,169,724
Total Assets	10,467,554	235,726	10,703,280	49,317,885
DEFERRED OUTFLOWS OF RESOURCES				
Pension	-	-	-	58,980
Liabilities:				
Current Liabilities:				
Accounts payable	225,471	37,711	263,182	1,346,590
Accrued expenses	34,438	-	34,438	101,264
Intergovernmental payable	4,020	-	4,020	164,587
Sales taxes payable	-	-	-	46,632
Unearned revenue	-	-	-	10,490
Compensated absences payable	77,770	10,972	88,742	185,554
Construction loan payable	-	-	-	432,287
Intergovernmental notes payable	-	-	-	11,500
Notes payable	-	-	-	280,851
Capital leases payable	20,671	28,547	49,218	-
Long-term Liabilities: (Note 3F)				
Customer deposits	-	-	-	471,883
Net pension liability	1,074,691	146,549	1,221,240	1,163,212
Compensated absences payable (net of current portion)	116,654	1,936	118,590	93,055
Accrued death benefits payable	199,678	-	199,678	-
Capital leases payable (net of current portion)	168,024	122,894	290,918	-
Intergovernmental notes payable (net of current portion)	-	-	-	80,500
Notes payable (net of current portion)	-	-	-	2,423,998
Total Liabilities	1,921,417	348,609	2,270,026	6,812,403
DEFERRED INFLOWS OF RESOURCES				
Pension	121,574	16,578	138,152	476,348
Net Position:				
Net investment in capital assets (Note 3H)	4,923,833	140,588	5,064,421	29,424,269
Restricted for:				
Capital projects	2,555,906	-	2,555,906	-
Public safety	53,721	-	53,721	-
New electric generation	-	-	-	1,324,452
Restricted for pledged collateral - construction loan	-	-	-	1,764,632
Unrestricted	891,103	(270,049)	621,054	9,574,761
Total Net Position	\$ 8,424,563	\$ (129,461)	\$ 8,295,102	\$ 42,088,114

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Activities
For the Year Ended September 30, 2015

<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>
Primary Government:				
Governmental Activities				
General government	\$ 882,334	\$ 109,861	\$ 21,200	\$ -
Judicial	64,100	-	-	-
Public safety	2,997,667	161,294	-	1,022
Public works	1,052,998	21,000	-	2,809,110
Culture and recreation	496,741	33,325	-	43,428
Housing and development	141,874	-	-	-
Interest	6,068	-	-	-
Total Governmental Activities	5,641,782	325,480	21,200	2,853,560
Business-type Activities				
Sanitation	986,964	1,151,583	-	-
Total Primary Government	\$ 6,628,746	\$ 1,477,063	\$ 21,200	\$ 2,853,560
Component Units				
Fort Valley Utility Commission	19,876,802	19,995,211	-	3,236,169
Main Street/Downtown Development Authority	256,891	69,860	135,605	250
Total Component Units	\$ 20,133,693	\$ 20,065,071	\$ 135,605	\$ 3,236,419

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
Gain on sale of capital assets

Total General Revenues

Change in Net Position

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (751,273)	\$ -	\$ (751,273)	\$ -
(64,100)	-	(64,100)	-
(2,835,351)	-	(2,835,351)	-
1,777,112	-	1,777,112	-
(419,988)	-	(419,988)	-
(141,874)	-	(141,874)	-
(6,068)	-	(6,068)	-
(2,441,542)	-	(2,441,542)	-
-	164,619	164,619	-
(2,441,542)	164,619	(2,276,923)	-
-	-	-	3,354,578
-	-	-	(51,176)
-	-	-	3,303,402
1,774,169	-	1,774,169	-
153,619	-	153,619	-
1,048,652	-	1,048,652	-
529,370	-	529,370	-
1,135,505	-	1,135,505	-
24,548	-	24,548	-
310,825	-	310,825	-
2,603	472	3,075	218,775
3,769	-	3,769	825,794
28,567	37,000	65,567	-
5,011,627	37,472	5,049,099	1,044,569
2,570,085	202,091	2,772,176	4,347,971
5,854,478	(331,552)	5,522,926	37,740,143
\$ 8,424,563	\$ (129,461)	\$ 8,295,102	\$ 42,088,114

City of Fort Valley, Georgia
Balance Sheet
Governmental Funds
September 30, 2015

	<u>General</u>	<u>2008 SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,846,663	\$ 2,344,368	\$ 115,693	\$ 4,306,724
Receivables:				
Accounts	114,897	-	-	114,897
Taxes	111,441	-	1,632	113,073
Intergovernmental	301,462	-	102,309	403,771
Interfund	<u>420,321</u>	<u>-</u>	<u>-</u>	<u>420,321</u>
Total Assets	<u>\$ 2,794,784</u>	<u>\$ 2,344,368</u>	<u>\$ 219,634</u>	<u>\$ 5,358,786</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 219,982	\$ -	\$ 5,489	\$ 225,471
Accrued expenditures	34,438	-	-	34,438
Intergovernmental payable	4,020	-	-	4,020
Interfund payable	<u>-</u>	<u>3,760</u>	<u>-</u>	<u>3,760</u>
Total Liabilities	<u>258,440</u>	<u>3,760</u>	<u>5,489</u>	<u>267,689</u>
 Fund Balances:				
Restricted for:				
Public safety technology	53,721	-	-	53,721
SPLOST capital projects	-	2,340,608	215,298	2,555,906
Assigned for:				
Contingencies	915,211	-	-	915,211
Unassigned	<u>1,567,412</u>	<u>-</u>	<u>(1,153)</u>	<u>1,566,259</u>
Total Fund Balances	<u>2,536,344</u>	<u>2,340,608</u>	<u>214,145</u>	<u>5,091,097</u>
Total Liabilities and Fund Balances	<u>\$ 2,794,784</u>	<u>\$ 2,344,368</u>	<u>\$ 219,634</u>	<u>\$ 5,358,786</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, 2015

Total Governmental Fund Balances \$ 5,091,097

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	\$ 8,829,641	
Less accumulated depreciation	<u>(3,717,113)</u>	5,112,528

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	\$ (3,760)	
Interfund payables	<u>3,760</u>	-

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

Capital leases	\$ (188,695)	
Pension	(1,074,691)	
Deferred Inflows of resources related to pension	(121,574)	
Compensated absences	(194,424)	
Accrued death benefits	<u>(199,678)</u>	<u>(1,779,062)</u>

Net Position of Governmental Activities **\$ 8,424,563**

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, 2015

	<u>General</u>	<u>2008 SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 4,641,315	\$ -	\$ 24,549	\$ 4,665,864
Licenses and permits	108,240	-	-	108,240
Intergovernmental	430,687	2,429,422	303,085	3,163,194
Charges for services	71,102	-	-	71,102
Fines and forfeitures	146,137	-	-	146,137
Investment earnings	2,603	1,022	169	3,794
Contributions	21,200	-	-	21,200
Miscellaneous	3,769	-	-	3,769
Total Revenues	<u>5,425,053</u>	<u>2,430,444</u>	<u>327,803</u>	<u>8,183,300</u>
Expenditures:				
Current:				
General government	891,235	-	-	891,235
Judicial	65,568	-	-	65,568
Public safety	3,010,546	-	-	3,010,546
Public works	916,340	18,510	123,170	1,058,020
Culture and recreation	545,651	-	-	545,651
Housing and development	130,749	-	11,125	141,874
Capital Outlay	-	122,654	-	122,654
Debt Service:				
Principal retirement	20,053	-	-	20,053
Interest and fiscal charges	6,068	-	-	6,068
Total Expenditures	<u>5,586,210</u>	<u>141,164</u>	<u>134,295</u>	<u>5,861,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(161,157)</u>	<u>2,289,280</u>	<u>193,508</u>	<u>2,321,631</u>
Other Financing Sources (Uses):				
Sale of capital assets	29,766	-	-	29,766
Transfers in	17,779	-	25,530	43,309
Transfers out	-	(25,530)	(17,779)	(43,309)
Total Other Financing Sources (Uses)	<u>47,545</u>	<u>(25,530)</u>	<u>7,751</u>	<u>29,766</u>
Net Change in Fund Balances	(113,612)	2,263,750	201,259	2,351,397
Fund Balances, Beginning of Year, as restated	<u>2,649,956</u>	<u>76,858</u>	<u>12,886</u>	<u>2,739,700</u>
Fund Balances, End of Year	<u>\$ 2,536,344</u>	<u>\$ 2,340,608</u>	<u>\$ 214,145</u>	<u>\$ 5,091,097</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, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ 2,351,397

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	\$ (289,190)	
Capital outlay	<u>312,120</u>	22,930

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. (1,200)

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. 20,053

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 @ 9/30/14	\$ 213,433	
Liability @ 9/30/15	<u>(199,678)</u>	13,755

Net pension liability reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. 176,414

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 @ 9/30/14	\$ 181,160	
Liability @ 9/30/15	<u>(194,424)</u>	<u>(13,264)</u>

Change in Net Position of Governmental Activities \$ 2,570,085

See accompanying notes to the basic financial statements.

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 4,670,040	\$ 4,714,409	\$ 4,641,315	\$ (73,094)
Licenses and permits	113,000	113,000	108,240	(4,760)
Intergovernmental	308,500	358,500	430,687	72,187
Charges for services	49,725	49,725	71,102	21,377
Fines and forfeitures	243,500	243,500	146,137	(97,363)
Investment earnings	5,000	5,000	2,603	(2,397)
Contributions	-	17,500	21,200	3,700
Miscellaneous	4,000	4,000	3,769	(231)
Total Revenues	<u>5,393,765</u>	<u>5,505,634</u>	<u>5,425,053</u>	<u>(80,581)</u>
Expenditures:				
Current:				
General government	762,172	918,254	891,235	(27,019)
Judicial	54,200	67,145	65,568	(1,577)
Public safety	2,719,834	3,267,971	3,010,546	(257,425)
Public works	811,036	954,976	916,340	(38,636)
Culture and recreation	372,049	552,138	545,651	(6,487)
Housing and development	132,193	132,193	130,749	(1,444)
Health insurance	795,120	-	-	-
Debt Service:				
Principal retirement	20,055	20,055	20,053	(2)
Interest and fiscal charges	6,070	6,070	6,068	(2)
Total Expenditures	<u>5,672,729</u>	<u>5,918,802</u>	<u>5,586,210</u>	<u>(332,592)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(278,964)</u>	<u>(413,168)</u>	<u>(161,157)</u>	<u>252,011</u>
Other Financing Sources:				
Sale of capital assets	-	12,265	29,766	17,501
Transfers in	-	-	17,779	17,779
Total Other Financing Sources	<u>-</u>	<u>12,265</u>	<u>47,545</u>	<u>35,280</u>
Net Change in Fund Balances	(278,964)	(400,903)	(113,612)	287,291
Fund Balances, Beginning of Year	<u>2,649,956</u>	<u>2,649,956</u>	<u>2,649,956</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,370,992</u>	<u>\$ 2,249,053</u>	<u>\$ 2,536,344</u>	<u>\$ 287,291</u>

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Net Position
Proprietary Fund - Sanitation Fund
September 30, 2015

Assets:	<u>2015</u>
Current Assets:	
Cash and cash equivalents	\$ 107,917
Receivables:	
Accounts	93,364
Intergovernmental	<u>158,977</u>
Total Current Assets	<u>360,258</u>
Non-current Assets:	
Capital Assets:	
Depreciable capital assets, net	<u>292,029</u>
Total Assets	<u>652,287</u>
Liabilities:	
Current Liabilities:	
Accounts payable	37,711
Interfund payable	416,561
Compensated absences payable	10,972
Capital leases payable	<u>28,547</u>
Total Current Liabilities	<u>493,791</u>
Long-term Liabilities:	
Net pension liability	146,549
Capital leases payable (net of current portion)	122,894
Compensated absences payable (net of current portion)	<u>1,936</u>
Total Long-term Liabilities	<u>271,379</u>
Total Liabilities	<u>765,170</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	<u>16,578</u>
Net Position:	
Net investment in capital assets	140,588
Unrestricted	<u>(270,049)</u>
Total Net Position	<u><u>\$ (129,461)</u></u>

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund - Sanitation Fund
For the Year Ended September 30, 2015

	2015
Operating Revenues:	
Charges for services	\$ 1,151,583
Operating Expenses:	
Personal services	468,818
Purchased services	276,821
Materials and supplies	169,812
Bad Debt	13,079
Depreciation	58,434
Total Operating Expenses	986,964
Operating Income (Loss)	164,619
Non-operating Revenues (Expenses):	
Interest and fiscal charges	-
Gain on disposal of assets	37,000
Investment earnings	472
Total Non-operating Revenues	37,472
Change in Net Position	202,091
Net Position, Beginning of Year, as restated	(331,552)
Net Position, End of Year	\$ (129,461)

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Cash Flows
Proprietary Fund - Sanitation Fund
For the Year Ended September 30, 2015

	2015
Increase in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,093,874
Cash payments to employees for services	(492,933)
Cash payments for goods and services	(420,784)
Net Cash Provided by (Used in) Operating Activities	180,157
Cash Flows from Non-capital Financing Activities:	
Interfund payable	(146,645)
Net Cash Provided by (Used in) Non-capital Financing Activities	(146,645)
Cash Flows from Capital and Related Financing Activities:	
Principal paid on notes	151,441
Interest paid on notes	-
Payments for capital acquisitions	(151,441)
Proceeds from sale of capital assets	37,000
Net Cash (Used in) Capital and Related Financing Activities	37,000
Cash Flows from Investing Activities:	
Investment earnings	472
Net Increase (Decrease) in Cash and Cash Equivalents	70,984
Cash and Cash Equivalents, Beginning of Year	36,933
Cash and Cash Equivalents, End of Year	\$ 107,917
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities	
Operating (Loss)	\$ 164,619
Adjustments:	
Depreciation	58,434
(Increase) Decrease in:	
Accounts receivable	(45,351)
Intergovernmental receivable	721
Increase (Decrease) in:	
Accounts payable	25,849
Net pension liability	(40,635)
Compensated absences payable	(58)
Deferred inflows of resources in pensions	16,578
Net Cash Provided by (Used in) Operating Activities	\$ 180,157

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 35,758	\$ 35,755
Total Assets	<u>\$ 35,758</u>	<u>\$ 35,755</u>
Net Position:		
Held in trust for library purposes	<u>\$ 35,758</u>	<u>\$ 35,755</u>

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, 2015 and 2014

	2015	2014
Additions:		
Investment earnings	\$ 126	\$ 148
Deductions:		
Culture and recreation	123	293
Change in Net Position	3	(145)
Net Position, Beginning of Year	35,755	35,900
Net Position, End of Year	\$ 35,758	\$ 35,755

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Combining Statement of Net Position
Component Units
September 30, 2015

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Assets:			
Cash and cash equivalents (Note 3-A)	\$ 134,776	\$ 365,883	\$ 500,659
Investments (Note 3-A):	-	9,970,240	9,970,240
Receivables:			
Accounts (net of allowance for uncollectibles):	211,827	2,320,508	2,532,335
Intergovernmental	11,400	-	11,400
Interest	-	11,845	11,845
Inventory (Note 1-E-4)	-	532,385	532,385
Prepaid expenses (Note 1-E-5)	-	108,532	108,532
Total Current Assets	<u>358,003</u>	<u>13,309,393</u>	<u>13,667,396</u>
Non-current Assets:			
Restricted assets (Note 1-E-6)	-	3,089,084	3,089,084
Capital assets: (Note 3-D)			
Non-depreciable	570,142	821,539	1,391,681
Depreciable, net	1,260,079	29,909,645	31,169,724
Total Non-current Assets	<u>1,830,221</u>	<u>33,820,268</u>	<u>35,650,489</u>
Total Assets	<u>2,188,224</u>	<u>47,129,661</u>	<u>49,317,885</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	-	58,980	58,980
Liabilities:			
Current Liabilities:			
Accounts payable	4,614	1,341,976	1,346,590
Retainage payable	-	-	-
Accrued payroll	-	90,355	90,355
Payroll deductions payable	-	10,909	10,909
Sales taxes payable	-	46,632	46,632
Intergovernmental payable	5,610	158,977	164,587
Unearned revenue	10,490	-	10,490
Compensated absences payable	-	185,554	185,554
Construction loan payable (Note 3-J)	-	432,287	432,287
Intergovernmental notes payable	11,500	-	11,500
Notes payable (Note 3-F)	9,194	271,657	280,851
Total Current Liabilities	<u>41,408</u>	<u>2,538,347</u>	<u>2,579,755</u>
Non-current Liabilities:			
Net pension liability	-	1,163,212	1,163,212
Customer deposits payable from restricted assets	-	471,883	471,883
Compensated absences payable (net of current portion)	-	93,055	93,055
Intergovernmental notes payable (net of current portion)	80,500	-	80,500
Notes payable (net of current portion) (Note 3-F)	270,257	2,153,741	2,423,998
Total Non-current Liabilities	<u>350,757</u>	<u>3,881,891</u>	<u>4,232,648</u>
Total Liabilities	<u>392,165</u>	<u>6,420,238</u>	<u>6,812,403</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	-	476,348	476,348
Net Position:			
Net investment in capital assets	1,550,770	27,873,499	29,424,269
Restricted for new electric generation	-	1,324,452	1,324,452
Restricted for pledged collateral - construction loan (Note 1-E-6)	-	1,764,632	1,764,632
Unrestricted	245,289	9,329,472	9,574,761
Total Net Position	<u>\$ 1,796,059</u>	<u>\$ 40,292,055</u>	<u>\$ 42,088,114</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, 2015

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Expenses:			
General government	\$ 256,891	\$ -	\$ 256,891
Utilities	<u>-</u>	<u>19,876,802</u>	<u>19,876,802</u>
Total Expenses	<u>256,891</u>	<u>19,876,802</u>	<u>20,133,693</u>
Revenues:			
Program:			
Charges for services	69,860	19,995,211	20,065,071
Operating grants and contributions	135,605	-	135,605
Capital grants and contributions	<u>250</u>	<u>3,236,169</u>	<u>3,236,419</u>
Total Program Revenues	<u>205,715</u>	<u>23,231,380</u>	<u>23,437,095</u>
Net Program (Expense) Revenue	<u>(51,176)</u>	<u>3,354,578</u>	<u>3,303,402</u>
General Revenues:			
Investment earnings	-	218,775	218,775
Miscellaneous	<u>4,350</u>	<u>821,444</u>	<u>825,794</u>
Total General Revenues	<u>4,350</u>	<u>1,040,219</u>	<u>1,044,569</u>
Change in Net Position	(46,826)	4,394,797	4,347,971
Net Position, Beginning of Year, as Restated	<u>1,842,885</u>	<u>35,897,258</u>	<u>37,740,143</u>
Net Position, End of Year	<u>\$ 1,796,059</u>	<u>\$ 40,292,055</u>	<u>\$ 42,088,114</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, 2015

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City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2015

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, 2015

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 Fund – The 2008 SPLOST capital project fund is used to account for all financial resources obtained by the 2008 levy 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, 2015

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, 2015

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, 2015.

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, 2015, 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)

Restricted assets consist of the new generation and capacity funding account (\$1,324,452) and a construction loan certificate of deposit pledged as collateral (\$1,764,632).

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, 2015

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, 2015

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 did not have any items that qualified for reporting in this category.

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.

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.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

- 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.

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.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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.

2-B. Fund Balance/Net Position Deficit

The following fund reported equity deficits: Sanitation Fund - \$129,461
Hotel/Motel Tax Fund - \$1,153

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, 2015 were entirely insured or collateralized with securities held by the City's agent in the City's name. At September 30, 2015, the bank balances were \$4,426,865. 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, 2015, 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. At September 30, 2015, the bank balances were \$519,277 and the carrying amount was \$362,873.

*City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015*

Note 3 - Detailed Notes on All Funds (continued)

Main Street/DDA – Deposits – At September 30, 2015, all of the Main Street/DDA’s bank balances were entirely FDIC insured. At September 30, 2015, the bank balances were \$135,475.

Investments

Fort Valley Utility Commission

At September 30, 2015, the Utility Commission had the following investments presented by maturity period:

Investment Type	Fair Value	Maturity Period		
		Three Months or Less	4 - 12 Months	1 - 5 Years
Certificate of Deposit	\$ 1,764,632	\$ -	\$ 1,764,632	\$ -
Money Market Account	252,963			
Municipal Competitive Trust	11,041,731			
Total	<u>\$ 13,059,326</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, 2015 and 2014, 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, 2015:

<u>Bank:</u>	<u>Amount</u>	<u>% of Total</u>
CB&T Bank of Middle Georgia	<u>1,764,637</u>	100%

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

3-B. Receivables

Receivables at September 30, 2015, 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.

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.

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City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

3-D. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

<u>Governmental activities</u>	<u>Balance</u> <u>9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2015</u>	<u>Accumulated</u> <u>Depreciation</u> <u>9/30/2015</u>	<u>Book</u> <u>Value</u> <u>9/30/2015</u>
Non-depreciable capital assets:						
Land	\$ 690,882	\$ -	\$ -	\$ 690,882	\$ -	\$ 690,882
Construction in progress	4,832	37,125	-	41,957	-	41,957
Total non-depreciable capital assets	<u>695,714</u>	<u>37,125</u>	<u>-</u>	<u>732,839</u>	<u>-</u>	<u>732,839</u>
Depreciable capital assets:						
Buildings	2,369,180	19,805	-	2,388,985	411,578	1,977,407
Infrastructure	1,486,722	46,681	-	1,533,403	260,703	1,272,700
Improvements	544,458	9,492	-	553,950	206,230	347,720
Machinery and equipment	3,470,945	199,017	49,498	3,620,464	2,838,602	781,862
Total depreciable capital assets	<u>7,871,305</u>	<u>274,995</u>	<u>49,498</u>	<u>8,096,802</u>	<u>3,717,113</u>	<u>4,379,689</u>
Total capital assets	<u>\$ 8,567,019</u>	<u>\$ 312,120</u>	<u>\$ 49,498</u>	<u>\$ 8,829,641</u>	<u>\$ 3,717,113</u>	<u>\$ 5,112,528</u>

<u>Accumulated Depreciation:</u>	<u>Balance</u> <u>9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2015</u>
Buildings	\$ 379,542	\$ 32,036	\$ -	\$ 411,578
Infrastructure	186,367	74,336	-	260,703
Improvements	184,068	22,162	-	206,230
Machinery and equipment	2,726,244	160,656	48,298	2,838,602
Total accumulated depreciation	<u>\$ 3,476,221</u>	<u>\$ 289,190</u>	<u>\$ 48,298</u>	<u>\$ 3,717,113</u>

Governmental activities depreciation expense:

General government	\$ 21,096
Public safety	101,077
Public works	140,177
Culture and recreation	26,840
Total governmental activities depreciation expense	<u>\$ 289,190</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for business-type activities for the year ended September 30, 2015, was as follows:

	Balance 09/30/14	Additions	Deletions	Balance 09/30/15
Business-type activities:				
Depreciable capital assets:				
Machinery and equipment	\$ 1,347,730	\$ 151,441	\$ 119,152	\$ 1,380,019
Accumulated depreciation:				
Machinery and equipment	1,148,708	58,434	119,152	1,087,990
Capital assets - net	<u>\$ 199,022</u>	<u>\$ 93,007</u>	<u>\$ -</u>	<u>\$ 292,029</u>

Capital asset activity for Main Street/DDA component unit for the year ended September 30, 2015, was as follows:

	Balance 09/30/14	Additions	Deductions	Balance 09/30/15
Main Street/DDA:				
Capital assets not being depreciated:				
Land	\$ 366,135	\$ -	\$ -	\$ 366,135
Construction in progress	204,007	-	-	204,007
Total capital assets not being depreciated	<u>570,142</u>	<u>-</u>	<u>-</u>	<u>570,142</u>
Depreciable capital assets:				
Buildings	1,844,821	-	155,000	1,689,821
Improvements	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total depreciable capital assets	<u>1,871,560</u>	<u>-</u>	<u>155,000</u>	<u>1,716,560</u>
Total capital assets	<u>2,441,702</u>	<u>-</u>	<u>155,000</u>	<u>2,286,702</u>
Accumulated depreciation:				
Buildings	392,182	64,843	21,184	435,841
Improvements	8,540	610	-	9,150
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	<u>412,212</u>	<u>65,453</u>	<u>21,184</u>	<u>456,481</u>
Main Street/DDA capital assets, net	<u>\$ 2,029,490</u>	<u>\$ (65,453)</u>	<u>\$ 133,816</u>	<u>\$ 1,830,221</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for the Utility Commission component unit for the year ended September 30, 2015, was as follows:

	<u>Balance 09/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09/30/15</u>
Utility Commission component unit				
Non-depreciable capital assets:				
Land	\$ 146,486	\$ -	\$ -	\$ 146,486
Construction in progress	624,861	3,285,313	3,235,121	675,053
Total non-depreciable capital assets	<u>771,347</u>	<u>3,285,313</u>	<u>3,235,121</u>	<u>821,539</u>
Depreciable capital assets:				
Building	335,744	-	-	335,744
Distribution system	44,163,228	4,034,669	-	48,197,897
Machinery and equipment	3,983,216	41,374	76,158	3,948,432
Intangibles	277,484	-	-	277,484
Total depreciable capital assets	<u>48,759,672</u>	<u>4,076,043</u>	<u>76,158</u>	<u>52,759,557</u>
Total capital assets	<u>49,531,019</u>	<u>7,361,356</u>	<u>3,311,279</u>	<u>53,581,096</u>
Accumulated depreciation:				
Building	235,818	4,475	-	240,293
Distribution system	18,513,357	920,067	-	19,433,424
Machinery and equipment	2,808,492	171,062	76,158	2,903,396
Intangibles	248,395	24,403	-	272,798
Total accumulated depreciation	<u>21,806,062</u>	<u>1,120,007</u>	<u>76,158</u>	<u>22,849,911</u>
Utility Commission capital assets, net	<u>\$ 27,724,957</u>	<u>\$ 6,241,349</u>	<u>\$ 3,235,121</u>	<u>\$ 30,731,185</u>

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2015, 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.

Payable to:	<u>Payable from:</u>		
	<u>2008 SPLOST Funds</u>	<u>Sanitation Fund</u>	<u>Total</u>
General fund	\$ 3,760	\$ 416,561	\$ 420,321
Total	<u>\$ 3,760</u>	<u>\$ 416,561</u>	<u>\$ 420,321</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

Interfund transfers for the year ended September 30, 2015, consisted of the following:

<u>Transfer to:</u>	<u>Transfer From:</u>		<u>Total</u>
	<u>2008 SPLOST Fund</u>	<u>Non-major Governmental Funds</u>	
General fund	\$ -	\$ 17,779	\$ 17,779
Non-major governmental funds	25,530	-	25,530
Total	<u>\$ 25,530</u>	<u>\$ 17,779</u>	<u>\$ 43,309</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 one transfer to the general fund from the Hotel/Motel Tax fund due to requirements of state statutes. There was also a transfer from the 2008 SPLOST fund to the non-major 2004 SPLOST fund for expenditures approved in the referendums to close out the fund.

3-F. Long-term Debt

City Governmental Activities' Capital Leases – At September 30, 2015, 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 \$10,500 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>
2016	\$ 20,671	\$ 5,450	\$ 26,121
2017	21,309	4,812	26,121
2018	21,966	4,155	26,121
2019	22,643	3,478	26,121
2020	23,341	2,780	26,121
2020-2024	<u>78,765</u>	<u>3,953</u>	<u>82,718</u>
Total	<u>\$ 188,695</u>	<u>\$ 24,628</u>	<u>\$ 213,323</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

City Business-type Activities' Capital Leases – During the year ending September 30, 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, \$9,463 was included in depreciation expense and \$9,463 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>
2016	\$ 28,547	\$ 4,483	\$ 33,030
2017	29,392	3,638	33,030
2018	30,263	2,767	33,030
2019	31,158	1,872	33,030
2020	<u>32,081</u>	<u>950</u>	<u>33,031</u>
Total	<u>\$ 151,441</u>	<u>\$ 13,710</u>	<u>\$ 165,151</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>
2016	\$ 3,840	\$ 1,458	\$ 5,298
2017	4,007	1,291	5,298
2018	4,180	1,118	5,298
2019	<u>24,039</u>	<u>85</u>	<u>24,124</u>
Total	<u>\$ 36,066</u>	<u>\$ 3,952</u>	<u>\$ 40,018</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. The schedule below reflects the August 6, 2015 loan renewal.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,437	\$ 1,942	\$ 4,379
2017	2,541	1,828	4,369
2018	<u>38,500</u>	<u>1,559</u>	<u>40,059</u>
Total	<u>\$ 43,478</u>	<u>\$ 5,329</u>	<u>\$ 48,807</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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 2016 when principle and interest payments of \$1,666.67 will be due on the 15th of each month with a balloon payment of \$70,258 due on the maturity date. Vantage Group will pay Main Street/DDA each month and Main Street/DDA will then pay Community and Southern Bank. The maturity date is June 29, 2025.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,917	\$ 1,990	\$ 4,907
2017	12,345	7,655	20,000
2018	12,848	7,152	20,000
2019	13,372	6,628	20,000
2020	13,916	6,084	20,000
2021-2025	<u>144,509</u>	<u>20,749</u>	<u>165,258</u>
Total	<u>\$ 199,907</u>	<u>\$ 50,258</u>	<u>\$ 250,165</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 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. 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 \$147,626 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, 2014.

The Fort Valley Main Street Downtown Development Authority paid the Utility Commission \$11,551 on August 19, 2014.

On August 10, 2015 the Utility Commission reduced the Downtown Development Authority note by \$21,075. Thereafter, the Authority made an August 2015 payment of \$23,000.

The balance of the promissory note is \$92,000 at September 30, 2015. The Utility Commission recorded an allowance for uncollectible amount equal to the note balance.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

Main Street Downtown Development Authority annual debt service requirements to amortize this loan as of September 30, 2015 follow:

<u>Fiscal Year</u>	<u>Principal</u>
2016	\$ 11,500
2017	23,000
2018	23,000
2019	23,000
2020	11,500
Total	<u>\$ 92,000</u>

Utility Commission Notes Payable – At September 30, 2015, the Utility Commission has three 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, 2015 follow:

<u>Fiscal Year</u>	<u>Principal</u>
2016	\$ 163,454
2017	163,454
2018	163,454
2019	163,454
2020	163,454
2021	81,727
Total	<u>\$ 898,997</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, 2015 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 32,976	\$ 5,457	\$ 38,433
2017	33,976	4,457	38,433
2018	35,007	3,426	38,433
2019	36,069	2,364	38,433
2020	37,164	1,269	38,433
2021	19,003	214	19,217
Total	<u>\$ 194,195</u>	<u>\$ 17,187</u>	<u>\$ 211,382</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

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

Payments of \$5,171 are due monthly with a final maturity date in 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, 2015 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 36,525	\$ 25,528	\$ 62,053
2017	38,106	23,946	62,052
2018	39,683	22,369	62,052
2019	41,349	20,703	62,052
2020	43,067	18,986	62,053
2021-2025	244,144	66,119	310,263
2026-2029	<u>192,866</u>	<u>13,924</u>	<u>206,790</u>
Total	<u>\$ 635,740</u>	<u>\$ 191,575</u>	<u>\$ 827,315</u>

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. And 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, 2015 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 14,927	\$ 4,017	\$ 18,944
2017	15,221	3,723	18,944
2018	15,509	3,435	18,944
2019	15,806	3,138	18,944
2020	16,106	2,838	18,944
2021-2025	85,298	9,421	94,719
2026-2028	<u>55,184</u>	<u>1,630</u>	<u>56,814</u>
Total	<u>\$ 218,051</u>	<u>\$ 28,202</u>	<u>\$ 246,253</u>

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

GELAC Loan – 2007 - L42WQ – On December 14, 2007 the Utility Commission received a loan commitment of \$10,750,000 at a 4.1% interest 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, 2015 follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 23,755	\$ 19,172	\$ 42,927
2017	24,747	18,179	42,926
2018	25,781	17,146	42,927
2019	26,858	16,068	42,926
2020	27,980	14,946	42,926
2021-2025	158,445	56,189	214,634
2026-2030	190,849	20,207	211,056
Total	<u>\$ 478,415</u>	<u>\$ 161,907</u>	<u>\$ 640,322</u>

Polytec, Inc. Capital Lease – In fiscal year 2011, the Utility Commission entered into an equipment lease purchase agreement with Polytec, Inc., for chemical tanks and feed equipment with an original cost of \$18,696. This year, depreciation expense was \$1,870 and accumulated depreciation was \$6,544. The Utility Commission agrees to use only Polytec chemicals in this equipment. The lease was retired in fiscal year 2014.

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City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2015:

	Restated Balance 10/01/2014	Additions	Reductions	Balance 09/30/2015	Amount Due in One Year
Governmental activities:					
Net Pension Liability	\$ 1,220,710	\$ 172,919	\$ 318,938	\$ 1,074,691	\$ -
Capital leases	208,748	-	20,053	188,695	20,671
Employer funded death benefit	213,433	-	13,755	199,678	-
Compensated absences	181,160	98,560	85,296	194,424	77,770
Total governmental activities	\$ 1,824,051	\$ 271,479	\$ 438,042	\$ 1,657,488	\$ 98,441
Business-type activities:					
Net Pension Liability	\$ 166,461	\$ 23,580	\$ 43,492	146,549	\$ -
Capital leases	-	151,411	-	151,411	28,547
Compensated absences	12,966	11,920	11,978	12,908	10,972
Total business-type activities	\$ 179,427	\$ 186,911	\$ 55,470	\$ 310,868	\$ 39,519
Main Street/DDA:					
Loan payable	\$ 85,523	\$ 199,907	\$ 5,979	\$ 279,451	\$ 9,194
Intergovernmental Note Payable	136,075	-	44,075	92,000	11,500
Total Main Street/DDA	\$ 221,598	\$ 199,907	\$ 50,054	\$ 371,451	\$ 20,694
Utility Commission:					
GEFA loan - DW97-027	\$ 1,062,451	\$ -	\$ 163,454	\$ 898,997	\$ 163,454
GEFA loan - DW97-027A	226,200	-	32,005	194,195	32,976
GELAC loan - 2006-L58WQ	670,814	-	35,073	635,741	36,545
GEFA loan - DWSRF 04-004	232,701	-	14,650	218,051	14,927
GELAC loan - 2007 L42WQ	501,217	-	22,802	478,415	23,755
Compensated absences	259,913	195,488	176,792	278,609	185,554
Total Utility Commission	\$ 2,953,296	\$ 195,488	\$ 444,776	\$ 2,704,008	\$ 457,211

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.

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City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

3-G. 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, 2015, the pension plan membership consisted of the following:

Active participants	68
Vested terminated participants	25
Retired participants and beneficiaries	<u>36</u>
Total	<u><u>129</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, 2015, the City's recommended contribution rate was 10.84% of covered payroll. The City's contribution to the plan for the year ended September 30, 2015 was \$207,956. Participants in the plan are not required to contribute.

Net Pension Liability – The City's net pension liability was measured as of September 30, 2014, 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, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent, plus service based merit increases
Investment rate of return	7.75 percent

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2015 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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	5.95%
International Equity	15	6.45
Fixed Income	25	1.55
Real Estate	10	3.75
Cash	-	-
	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 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, 2015

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)
Balances at 9/30/14	\$ 4,450,221	\$ 3,063,050	\$ 1,387,171
Changes for the year:			
Service cost	73,545	-	73,545
Interest	332,648	-	332,648
Differences between expected and actual experience	(42,622)	-	(42,622)
Contributions-employer	-	224,278	(224,278)
Contributions-employee	-	-	-
Net investment income	-	346,833	(346,833)
Benefit payments, including refunds of employee contributions	(315,967)	(315,967)	-
Administrative expense	-	(10,075)	10,075
Other changes	31,534	-	31,534
Net changes	79,138	245,069	(165,931)
Balances at 9/30/15	\$ 4,529,359	\$ 3,308,119	\$ 1,221,240

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 1,768,427	\$ 1,221,240	\$ 766,910

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, 2015

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, 2015, the City recognized pension expense of \$196,499. At September 30, 2015, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (34,096)
Changes in assumptions	(13,344)
Net difference between projected and actual earnings on pension plan investments	(90,712)
Total	\$ (138,152)

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

Year ended September 30:		
	2016	\$ (34,538)
	2017	(34,538)
	2018	(34,538)
	2019	(34,538)
		\$ (138,152)

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, 2015, the plan had 52 active employees, 7 vested former employees, and 28 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, 2015, was 10.07 percent of covered payroll. The Commission’s contribution to the plan for the year ended September 30, 2015 was \$276,637. 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, 2015

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, 2015, the Commission reported a net pension liability of \$1,163,212. The net pension liability was measured as of September 30, 2014, 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, 2015.

For the year ended September 30, 2015, the Commission recognized pension expense of \$125,925. At September 30, 2015, the Commission had deferred outflows from differences between expected and actual experience of \$58,980 and deferred inflows of resources related to pensions from the following sources:

Changes in Assumptions	\$ (305,292)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(171,056)
Total Deferred Inflows	\$ (476,348)

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

	Outflows	Inflows
2016	\$ (19,660)	\$ 144,528
2017	(19,660)	144,528
2018	(19,660)	144,528
2019	-	42,764
2020	-	-
2021 and Thereafter	-	-
	\$ (58,980)	\$ 476,348

Actuarial Assumptions – The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	3.25 percent, including inflation
Net Investment Rate of Return	7.75 percent

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

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	5.95%
International Equity	15	6.45
Fixed Income	25	1.55
Real Estate	10	3.75
Cash	-	-
	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent.

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City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

Changes in Net Pension Liability – Changes in the Commission’s net pension liability for the year ended September 30, 2015 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at October 1, 2014	\$ 7,563,133	\$ 5,827,012	\$ 1,736,121
Changes for the Year:			
Service Costs	117,458	-	117,458
Interest	575,409	-	575,409
Differences between expected and actual experience	78,639	-	78,639
Contributions - employer	-	281,466	(281,466)
Contributions - employee	-	-	-
Net investment income	-	665,224	(665,224)
Benefit payments, including refunds of employee contributions	(276,999)	(276,999)	-
Administrative expense	-	(9,329)	9,329
Other	(407,054)	-	(407,054)
Net changes	87,453	660,362	(572,909)
Balances at September 30, 2015	\$ 7,650,586	\$ 6,487,374	\$ 1,163,212

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liability
1 Percent Decrease	6.75%	\$ 1,993,243
Current Discount Rate	7.75%	1,163,212
1 Percent Increase	8.75%	456,529

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.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

3-H. Net Investment in Capital Assets

Net position on the City-wide statement of net position as of September 30, 2015 is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Component Units</u>
Net Investment in capital assets:			
Cost of capital assets	\$ 8,829,641	\$ 1,380,019	\$ 55,867,796
Less accumulated depreciation	<u>3,717,113</u>	<u>1,087,990</u>	<u>23,306,390</u>
Book value	5,112,528	292,029	32,561,406
Less capital related debt	<u>188,695</u>	<u>151,441</u>	<u>3,137,137</u>
Net Investment in capital assets	<u>\$ 4,923,833</u>	<u>\$ 140,588</u>	<u>\$ 29,424,269</u>

3-I. Fund Equity

Fund Balances:

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

General Fund:

Public safety technology \$ 53,721

Capital Projects Fund:

Special Local Option Sales Tax Fund (SPLOST)
used to account for capital projects
financed with SPLOST. \$ 2,555,906

- **Assigned** – The following fund balances are assigned to:

General Fund:

Contingencies \$ 915,211

- **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 Hotel/Motel tax fund reported an unassigned fund balance due to a deficit balance. This fund deficit will be reduced through hotel/motel tax revenue.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 3 - Detailed Notes on All Funds (continued)

3-J. Construction Loan Payable – Utility Commission

On July 19, 2013, the Utility Commission entered into a construction loan with CB&T, a division of Synovus Bank with a maximum borrowing of \$2,387,000 at an interest rate of 1.4%, due January 19, 2015. The loan renewed on January 28, 2015. The renewed loan has a maximum borrowing of \$2,387,000 at an interest rate of 2.0% due on July 19, 2016. This loan is partially financing a project at Fort Valley State University which includes installing a 500,000 gallon elevated storage tank, a new well and chemical feed building, including a 12” water main. The renewed loan is secured by a certificate of deposit totaling \$1,764,632. The United States Department of Agriculture will retire this loan and provide long-term financing through the issuance of 40-year municipal bonds in the amount of \$2,387,000 at 3.75%. The amount of loan drawn down at September 30, 2015 is \$432,287.

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 \$74,236,886 at September 30, 2015. 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 \$9,635,451 at September 30, 2015. The two additional accounts created were the credit support operating trust account and the reserve funded debt trust account. The funds in the credit support operating trust account can only be used to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs.

The funds in the reserve funded debt trust account can only be used for charges related to MEAG’s bond obligations. The balances in the credit support operating trust account and the reserve funded debt trust account at September 30, 2015 were \$134 and \$2,316,249. 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 2014 was \$1,427,702. The annual amount for the Utility Commission for 2015 is \$1,183,043.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 4 – Other Notes (continued)

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 amounts were \$1,307,692 for 2015.

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, 2014. 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 \$5,339,919 at September 30, 2015. On December 12, 2002 an intergovernmental agreement was made between the Utility Commission and the City of Fort Valley related to the MGAG contract. Under this agreement, in the event of any required payments pursuant to the provisions of the Gas Supply Contract the payments shall be made first by the Utility Commission from its revenues and assets before any required payments are made by the City of Fort Valley.

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

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 4 – Other Notes (continued)

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>	(1) Beginning of Fiscal Year Liability	(2) Current Year Claims and Changes in Estimates	(3) Claim Payments	(4) End of Fiscal Year Liability
2013	16,879	601,521	578,319	40,081
2014	40,081	804,185	780,594	63,672
2015	63,672	627,338	627,827	63,183

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

Utility Commission Risk Management

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

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

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 4 – Other Notes (continued)

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, 2015. 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, 2015, 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, 2015.

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, 2015

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, 2015 follows:

Lodging tax receipts	<u>\$ 24,548</u>
Required expenditures	<u>\$ 9,819</u>
Actual expenditures	<u>\$ 9,819</u>

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

4-H. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 15, 2016, the date the financial statements were available to be issued.

Utility Commission Subsequent Events

As a result of completing cost of service studies for all four utility services (natural gas, electric, water and sewer), the Utility Commission implemented the necessary rate increases to recover the costs of providing such services to its customers. The new rates were effective for billing cycle #1 in October 2012. Base charges were increased. Consumption charges were increased. Electric rates included an Environmental Compliance Cost Recovery (ECCR) element. Water and sewer rate tiers were expanded. And, additional costs were allocated to interruptible natural gas customers. No rate increases were implemented for billing cycle #1 in October 2014 or for billing cycle #1 in October 2015.

The Utility Commission entered into a purchase agreement in October 2013 with Total Energy Corp. (Total Energy) to sell the propane air plant (peak shaving plant) located on South Camellia Boulevard, Fort Valley, Georgia. The sale is for eight 30,000 gallon 250 psi storage tanks, inclusive of the existing tank rims and approximately 100,000 gallons of propane contained in the storage tanks. It was the Utility Commission's intention to discontinue and divest itself of the business segment known as the Peak Shaving Plant operation in the Natural Gas Department in 2014. This transaction was completed in fiscal year 2014.

City of Fort Valley, Georgia
Notes to the Basic Financial Statements
For the Year Ended September 30, 2015

Note 4 – Other Notes (continued)

4-I. Cumulative Effect of Adoption of Accounting Principle

The net position of the governmental activities, business-type activities, and Sanitation Fund were restated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 revised the measurement and reporting of long-term obligations associated with pension plans. In addition, the City has made a prior period adjustment to correct the overstatement of intergovernmental receivable reported in the 2008 SPLOST fund and governmental activities.

The restatement of the beginning of the year net position is as follows:

	Governmental Activities	Business-Type Activities
Beginning net position, October 1, 2014, as previously reported	\$ 7,243,073	\$ (144,368)
Overstatement of intergovernmental receivable	(15,916)	-
Change in accounting principle due to GASB 68	<u>(1,372,679)</u>	<u>(187,184)</u>
Beginning net position, October 1, 2014, restated	<u>\$ 5,854,478</u>	<u>\$ (331,552)</u>

	2008 SPLOST Fund	Sanitation Fund
Beginning net position/fund balance, October 1, 2014, as previously reported	\$ 92,774	\$ (144,368)
Overstatement of intergovernmental receivable	(15,916)	
Change in accounting principle due to GASB 68	<u>-</u>	<u>(187,184)</u>
Beginning net position/fund balance, October 1, 2014, restated	<u>\$ 76,858</u>	<u>\$ (331,552)</u>

Utility Commission Cumulative Effect on Adoption of Accounting Principle

The Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. GASB 68 states that if restatement of prior periods is not practical, the cumulative effect of applying the statement should be reported as a restatement of beginning net position for the earliest periods restated. The actuary did not provide sufficient information to restate the beginning balance of fiscal year 2014; consequently, the prior year numbers do not reflect any affect from the implementation of GASB 68. The Commission has recorded the cumulative effect of implementing GASB 68 as a decrease to beginning net position of \$2,278,355 as of October 1, 2014. Other effects of implementing GASB 68 on October 1, 2014 included the recording of a net pension liability of \$1,736,121 plus deferred inflows of \$620,873 less the deferred outflows of \$78,639.

City of Fort Valley, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
September 30, 2015

	2015
Total pension liability	
Service cost	\$ 73,545
Interest	332,648
Differences between expected and actual experience	(42,622)
Changes of assumptions	(16,680)
Changes of benefit terms	48,214
Benefit payments, including refunds of employee contributions	(315,967)
Net change in total pension liability	79,138
Total pension liability-beginning	4,450,221
Total pension liability-ending (a)	\$ 4,529,359
Plan fiduciary net position	
Contributions-employer	\$ 224,278
Contributions-employee	-
Net investment income	346,833
Benefit payments, including refunds of employee contributions	(315,967)
Administrative expense	(10,075)
Other	-
Net change in plan fiduciary net position	245,069
Plan fiduciary net position-beginning	3,063,050
Plan fiduciary net position-ending (b)	\$ 3,308,119
Net pension liability-ending (a) - (b)	\$ 1,221,240
Plan fiduciary net position as a percentage of the total pension liability	73.04%
Covered-employee payroll	\$ 2,112,793
Net pension liability as a percentage of covered-employee payroll	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, 2015

	2015
Actuarially determined contribution	--*
Contributions in relation to the actuarially determined contribution	--*
Contribution deficiency (excess)	--*
Covered-employee payroll	--*
Contributions as a percentage of covered-employee payroll	--*

--* 2015 information will be determined after fiscal year end and will be included in the 2016 valuation report. This information is not available in the current actuarial report.

Notes to Schedule:

Valuation date: The actuarially determined contribution rate was determined as of January 1, 2015, 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, 2016.

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	7.75%
Projected Salary increases	3.25% 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 eligibility assumption has changed from one year to immediate. The inflation assumption decreased from 3.5% to 3.25%. The salary increase assumption previously ranged from 4.00% to 11.00%, but changed to 3.75% to 8.00%.

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, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	\$ 1,846,663	\$ 1,688,434
Receivables:		
Accounts	114,897	116,371
Property taxes	111,441	218,937
Intergovernmental	301,462	196,976
Interfund	420,321	594,871
Total Assets	\$ 2,794,784	\$ 2,815,589
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 219,982	\$ 134,895
Accrued expenditures	34,438	25,109
Intergovernmental payable	4,020	5,629
Total Liabilities	258,440	165,633
Fund Balances:		
Restricted for:		
Public safety technology	53,721	74,770
Assigned for:		
Contingencies	915,211	914,357
Unassigned	1,567,412	1,660,829
Total Fund Balances:	2,536,344	2,649,956
Total Liabilities and Fund Balances	\$ 2,794,784	\$ 2,815,589

City of Fort Valley, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Taxes	\$ 4,641,315	\$ 4,888,529
Licenses and permits	108,240	121,206
Intergovernmental	430,687	268,306
Charges for services	71,102	66,457
Fines and forfeitures	146,137	190,381
Investment earnings	2,603	3,267
Contributions	21,200	17,000
Miscellaneous	<u>3,769</u>	<u>8,074</u>
Total Revenues	<u>5,425,053</u>	<u>5,563,220</u>
Expenditures:		
Current:		
General government	\$ 891,235	\$ 1,124,367
Judicial	65,568	65,761
Public safety	3,010,546	3,223,380
Public works	916,340	1,043,093
Culture and recreation	545,651	528,121
Housing and development	<u>130,749</u>	<u>98,854</u>
Debt service:		
Principal retirement	20,053	16,252
Interest and fiscal charges	<u>6,068</u>	<u>5,516</u>
Total Expenditures	<u>5,586,210</u>	<u>6,105,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(161,157)</u>	<u>(542,124)</u>
Other Financing Sources (Uses):		
Sale of capital assets	29,766	10,041
Inception of capital lease	-	225,000
Transfers in	<u>17,779</u>	<u>13,705</u>
Total Other Financing Sources	<u>47,545</u>	<u>248,746</u>
Net Change in Fund Balances	(113,612)	(293,378)
Fund Balances, Beginning of Year	<u>2,649,956</u>	<u>2,943,334</u>
Fund Balances, End of Year	<u>\$ 2,536,344</u>	<u>\$ 2,649,956</u>

City of Fort Valley, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended September 30, 2015
(With Comparative Actual Amounts for the Year Ended September 30, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Real and Personal Property Taxes:					
General property tax	\$ 1,600,000	\$ 1,600,000	\$ 1,484,270	\$ (115,730)	\$ 1,664,681
Vehicle property tax	150,000	150,000	195,085	45,085	235,165
Mobile home property tax	5,800	5,800	4,914	(886)	5,177
Recording intangible tax	3,200	8,200	9,812	1,612	3,470
Real estate transfer tax	1,500	1,500	1,196	(304)	1,161
Railroad equipment tax	3,200	3,200	3,571	371	3,293
Energy excise tax	15,040	15,040	18,704	3,664	7,254
Prior year taxes - other than property	10,000	10,000	6,222	(3,778)	11,445
Penalties and interest on delinquent taxes	25,300	25,300	50,395	25,095	92,936
Total Real and Personal Property Taxes	<u>1,814,040</u>	<u>1,819,040</u>	<u>1,774,169</u>	<u>(44,871)</u>	<u>2,024,582</u>
Selective Taxes:					
Sales tax	1,085,000	1,085,000	1,048,652	(36,348)	1,105,026
Beer tax	125,000	125,000	128,864	3,864	120,779
Wine tax	6,000	6,000	5,084	(916)	6,247
Liquor tax	18,000	18,000	19,671	1,671	18,126
Hotel/motel tax	12,000	12,000	-	(12,000)	-
Insurance premium tax	490,000	529,369	529,370	1	506,297
Utility Commission franchise fees	1,050,000	1,050,000	1,058,376	8,376	1,009,264
Cable T.V. franchise fees	40,000	40,000	39,229	(771)	64,971
Telephone franchise fees	30,000	30,000	37,900	7,900	33,237
Total Selective Taxes	<u>2,856,000</u>	<u>2,895,369</u>	<u>2,867,146</u>	<u>(28,223)</u>	<u>2,863,947</u>
Licenses and Permits:					
Alcoholic beverage licenses	35,000	35,000	32,403	(2,597)	38,326
Occupation taxes	78,000	78,000	75,807	(2,193)	80,050
Amusement machine permits	-	-	-	-	2,800
Dog registration	-	-	30	30	30
Total Licenses and Permits	<u>113,000</u>	<u>113,000</u>	<u>108,240</u>	<u>(4,760)</u>	<u>121,206</u>
Fines and Forfeitures:					
Court fines	243,500	243,500	146,137	(97,363)	190,381
Total Fines and Forfeitures	<u>243,500</u>	<u>243,500</u>	<u>146,137</u>	<u>(97,363)</u>	<u>190,381</u>
Charges for Services:					
Bond fees	3,000	3,000	2,287	(713)	3,366
Qualifying Fees	2,500	2,500	1,620	(880)	-
Police background checks	6,000	6,000	9,822	3,822	9,060
Police accident reports	2,000	2,000	3,048	1,048	3,528
Sale of cemetery lots	30,000	30,000	21,000	(9,000)	25,078
Rental income	6,225	6,225	33,325	27,100	25,425
Total Charges for Services	<u>49,725</u>	<u>49,725</u>	<u>71,102</u>	<u>21,377</u>	<u>66,457</u>
Intergovernmental:					
FEMA grant	-	-	-	-	44,841
Community redevelopment grant	-	-	-	-	16,900
Department of Transportation grants	-	-	76,434	76,434	73,735
Department of Natural Resources grant	-	50,000	43,428	(6,572)	4,832
Governor's Office of Highway Safety grant	-	-	-	-	7,998
Utility Commission	300,000	300,000	300,000	-	120,000
Housing authority	8,500	8,500	10,825	2,325	-
Total Intergovernmental	<u>308,500</u>	<u>358,500</u>	<u>430,687</u>	<u>72,187</u>	<u>268,306</u>
Miscellaneous:					
Investment earnings	5,000	5,000	2,603	(2,397)	3,267
Contributions	-	17,500	21,200	3,700	17,000
Miscellaneous	4,000	4,000	3,769	(231)	8,074
Total Miscellaneous	<u>9,000</u>	<u>26,500</u>	<u>27,572</u>	<u>1,072</u>	<u>28,341</u>
Total Revenues	<u>\$ 5,393,765</u>	<u>\$ 5,505,634</u>	<u>\$ 5,425,053</u>	<u>\$ (80,581)</u>	<u>\$ 5,563,220</u>

City of Fort Valley, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended September 30, 2015
(With Comparative Actual Amounts for the Year Ended September 30, 2014)

	<u>2015</u>			<u>2014</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Expenditures:					
General Government:					
Mayor and council	\$ 222,924	\$ 290,684	\$ 274,993	\$ (15,691)	\$ 174,685
Administration	492,148	557,915	550,953	(6,962)	549,622
Public buildings	47,100	69,655	65,289	(4,366)	400,060
Total General Government	<u>762,172</u>	<u>918,254</u>	<u>891,235</u>	<u>(27,019)</u>	<u>1,124,367</u>
Judicial:					
Municipal court	54,200	67,145	65,568	(1,577)	65,761
Total Judicial	<u>54,200</u>	<u>67,145</u>	<u>65,568</u>	<u>(1,577)</u>	<u>65,761</u>
Public Safety:					
Police	1,854,148	2,208,514	1,980,711	(227,803)	2,199,828
Fire	865,686	1,059,457	1,029,835	(29,622)	1,023,552
Total Public Safety	<u>2,719,834</u>	<u>3,267,971</u>	<u>3,010,546</u>	<u>(257,425)</u>	<u>3,223,380</u>
Public Works:					
Streets	534,404	637,413	632,672	(4,741)	708,294
Cemeteries	276,632	317,563	283,668	(33,895)	334,799
Total Public Works	<u>811,036</u>	<u>954,976</u>	<u>916,340</u>	<u>(38,636)</u>	<u>1,043,093</u>
Culture and Recreation:					
Parks	348,049	450,608	445,870	(4,738)	496,907
Senior citizen's center	9,000	31,500	29,758	(1,742)	11,382
Spruce street pool	15,000	70,030	70,023	(7)	19,832
Total Culture and Recreation	<u>372,049</u>	<u>552,138</u>	<u>545,651</u>	<u>(6,487)</u>	<u>528,121</u>
Housing and Development:					
Economic development	132,193	132,193	130,749	(1,444)	98,854
Total Housing and Development	<u>132,193</u>	<u>132,193</u>	<u>130,749</u>	<u>(1,444)</u>	<u>98,854</u>
Health Insurance	<u>795,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:					
Principal retirement	20,055	20,055	20,053	(2)	16,252
Interest and fiscal charges	6,070	6,070	6,068	(2)	5,516
Total Debt Service	<u>26,125</u>	<u>26,125</u>	<u>26,121</u>	<u>(4)</u>	<u>21,768</u>
Total Expenditures	<u>\$ 5,672,729</u>	<u>\$ 5,918,802</u>	<u>\$ 5,586,210</u>	<u>\$ (332,592)</u>	<u>\$ 6,105,344</u>

City of Fort Valley, Georgia
Combining Balance Sheet
Non-major Funds
September 30, 2015

	Special Revenue Fund Hotel/Motel Tax	<u>Capital Projects Funds</u>		Total Non-major Funds
		2004 SPLOST	2015 SPLOST	
Assets				
Cash and cash equivalents	\$ 2,704	\$ -	\$ 112,989	\$ 115,693
Receivables:				
Intergovernmental	-	-	102,309	102,309
Hotel/motel taxes	<u>1,632</u>	<u>-</u>	<u>-</u>	<u>1,632</u>
Total Assets	<u><u>4,336</u></u>	<u><u>-</u></u>	<u><u>215,298</u></u>	<u><u>219,634</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	5,489	-	-	5,489
Interfund payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	5,489	-	-	5,489
Fund Balances				
Restricted	-	-	215,298	215,298
Assigned	-	-	-	-
Unassigned	<u>(1,153)</u>	<u>-</u>	<u>-</u>	<u>(1,153)</u>
Total Fund Balance	<u>(1,153)</u>	<u>-</u>	<u>215,298</u>	<u>214,145</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,336</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 215,298</u></u>	<u><u>\$ 219,634</u></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, 2015

	Special Revenue Fund Hotel/Motel Tax	Capital Projects Funds		Total Non-Major Funds
		2004 SPLOST	2015 SPLOST	
Revenues				
Hotel/motel taxes	\$ 24,549	\$ -	\$ -	\$ 24,549
Intergovernmental	-	-	303,085	303,085
Interest	-	21	148	169
Total Revenues	<u>24,549</u>	<u>21</u>	<u>303,233</u>	<u>327,803</u>
Expenditures				
Current:				
Public works	-	35,235	87,935	123,170
Housing and development	11,125	-	-	11,125
Total Expenditures	<u>11,125</u>	<u>35,235</u>	<u>87,935</u>	<u>134,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,424	(35,214)	215,298	193,508
Other Financing Sources/(Uses)				
Transfers in	-	25,530	-	25,530
Transfers out	(17,779)	-	-	(17,779)
Total Other Financing (Uses)	<u>(17,779)</u>	<u>25,530</u>	<u>-</u>	<u>7,751</u>
Net Change in Fund Balances	(4,355)	(9,684)	215,298	201,259
Fund Balances, Beginning of Year	<u>3,202</u>	<u>9,684</u>	<u>-</u>	<u>12,886</u>
Fund Balances, End of Year	<u>\$ (1,153)</u>	<u>\$ -</u>	<u>\$ 215,298</u>	<u>\$ 214,145</u>

City of Fort Valley, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 2,704	\$ 3,283
Hotel/motel taxes receivable	1,632	1,953
Total Assets	\$ 4,336	\$ 5,236
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,489	\$ 2,034
Total Liabilities	5,489	2,034
Fund Balances		
Assigned	-	3,202
Unassigned	(1,153)	-
Total Liabilities and Fund Balances	\$ 4,336	\$ 5,236

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, 2015
(With Comparative Actual Amounts for the Year Ended September 30, 2014)

	<u>2015</u>			<u>2014</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues					
Hotel/motel taxes	\$ 20,000	\$ 20,000	\$ 24,549	\$ 4,549	\$ 21,731
Expenditures					
Current:					
Housing and development	<u>8,000</u>	<u>11,125</u>	<u>11,125</u>	<u>-</u>	<u>4,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	8,875	13,424	4,549	16,755
Other Financing (Uses)					
Transfers out	<u>(12,000)</u>	<u>(17,780)</u>	<u>(17,779)</u>	<u>1</u>	<u>(13,705)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (8,905)</u>	(4,355)	<u>\$ 4,550</u>	3,050
Fund Balances, Beginning of Year			<u>3,202</u>		<u>152</u>
Fund Balances, End of Year			<u>\$ (1,153)</u>		<u>\$ 3,202</u>

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Balance Sheet
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ -	\$ 41,349
Total Assets	\$ -	\$ 41,349
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ 31,665
Fund Balances		
Restricted	-	9,684
Total Liabilities and Fund Balances	\$ -	\$ 41,349

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2015 and 2014

	2015	2014
Revenues		
Interest	\$ 21	\$ 141
Total Revenues	21	141
Expenditures		
Capital outlay	35,235	189,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,214)	(189,659)
Other Financing Sources (Uses)		
Transfers in	25,530	-
Net Change in Fund Balances	(9,684)	(189,659)
Fund Balances, Beginning of Year	9,684	199,343
Fund Balances, End of Year	\$ -	\$ 9,684

City of Fort Valley, Georgia
2015 SPLOST Fund
Comparative Balance Sheet
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 112,989	\$ -
Intergovernmental receivable	102,309	-
Total Assets	\$ 215,298	\$ -
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ -
Fund Balances		
Restricted	215,298	-
Total Liabilities and Fund Balances	\$ 215,298	\$ -

City of Fort Valley, Georgia
2015 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2015 and 2014

	2015	2014
Revenues		
Intergovernmental	\$ 303,085	\$ -
Interest	148	-
Total Revenues	303,233	-
Expenditures		
Capital outlay	87,935	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	215,298	-
Other Financing Sources (Uses)		
Transfers in	-	-
Net Change in Fund Balances	215,298	-
Fund Balances, Beginning of Year	-	-
Fund Balances, End of Year	\$ 215,298	\$ -

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Balance Sheet
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 2,344,368	\$ 76,858
Intergovernmental receivable	-	-
Total Assets	\$ 2,344,368	\$ 76,858
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ 3,760	\$ -
Fund Balances		
Restricted	2,340,608	76,858
Total Liabilities and Fund Balances	\$ 2,344,368	\$ 76,858

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2015 and 2014

	2015	2014
Revenues		
Intergovernmental	\$ 2,429,422	\$ -
Interest	1,022	103
Total Revenues	2,430,444	103
Expenditures		
Intergovernmental	141,164	97,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,289,280	(96,942)
Other Financing Sources/(Uses)		
Transfers out	(25,530)	-
Net Change in Fund Balances	2,263,750	(96,942)
Fund Balances, Beginning of Year, as restated	76,858	173,800
Fund Balances, End of Year	\$ 2,340,608	\$ 76,858

SPECIAL REPORTS SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
915 HILL PARK
MACON, GEORGIA 31201

August 15, 2016

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, 2015, 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 August 15, 2016.

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 2015-2, 2015-4, and 2015-5.

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 2015-1, 2015-3, and 2015-6.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, 2015*

- 2015-1** **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.
-
- 2015-2** **Criteria** – When grant funds are received, revenue should be recognized only when grant conditions have been met.
- Condition** – In the General Fund, qualifying expenditures were made, but the City failed to record the proper entries for grant revenues.
- Cause of Condition** – Insufficient internal controls over grant recording led to the under-reporting of grant revenues in the General Fund.
- Effect of Condition** – Grant revenues in the General Fund were understated by \$119,862. Audit adjustments were necessary to correct this misstatement.
- Recommendation** – We recommend the City review its grant revenue reporting to ensure that revenues are recorded when qualifying expenditures have been made.
- Response/Corrective Action Plan** – We concur. The City will review and monitor grant revenue accounts in the future and ensure that they are properly recorded.
-
- 2015-3** **Criteria** – Accrued receivables/revenues, and liabilities/expenditures/expenses should be reversed in the subsequent year once they have been received or paid, respectively.
- Condition** – Many of the City’s financial accounts did not reflect the effect of prior year adjusting entries.
- Cause of Condition** – Necessary reversing entries for prior year accruals were not 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.

*City of Fort Valley, Georgia
Schedule of Findings
For the Year Ended September 30, 2015*

- 2015-4** **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.
-
- 2015-5** **Criteria** – Generally, expenditures should be recorded for obligations incurred during the reporting period.
- Condition** – Payroll liabilities and expenditures were understated.
- Cause of Condition** – The City’s internal controls were not adequate to determine the entries needed to reflect the payroll run for checks dated 9/26/15 and 10/3/15.
- Effect of condition** - Audit adjustments were required to record payroll expenditures of \$88,800 with a corresponding adjustment 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.

*City of Fort Valley, Georgia
Schedule of Findings
For the Year Ended September 30, 2015*

Fort Valley Main Street/Downtown Development Authority

2015-6 *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, 2015*

- 2014-1** **Condition:** Certain employees who record transactions in the accounting records also have access to cash and perform bank reconciliations.
- 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 2015-1.
-
- 2014-2** **Condition:** In the General Fund, qualifying expenditures were made, but the City failed to record the proper entries for both grant revenues and deferred revenues.
- Recommendation:** We recommend the City review its grant revenue and deferred revenue reporting to ensure that revenues are recorded when qualifying expenditures have been made.
- Status:** Unresolved. See 2015-2.
-
- 2014-3** **Condition:** The City recorded its capital lease payment for equipment in the Sanitation fund as a debt service expenditure in the General Fund.
- Recommendation:** We recommend the City review debt expenditures to ensure they are properly recorded.
- Status:** The above finding was corrected during the year ended September 30, 2015 and is not included as a finding in the current year.
-
- 2014-4** **Condition:** Many of the City’s financial accounts did not reflect the effect of prior year adjusting entries.
- Recommendation:** We recommend that the City improve its controls over financial recording to ensure that adjusting entries accepted by management are recorded and reversed, when applicable, in the City’s books.
- Status:** Unresolved. See 2015-3
-
- 2014-5** **Condition:** The City’s internal controls were not adequate to determine the accruals 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 2015-4

*City of Fort Valley, Georgia
Schedule of Prior Year Findings
For the Year Ended September 30, 2015*

2014-6 **Condition:** In the General Fund, internal controls did not detect an expenditure for equipment that should have been recorded as capital outlay.

Recommendation: We recommend the City review all capital outlay and expense accounts throughout the year to ensure expenditures are being coded and recorded to the correct expenditure or asset accounts.

Status: The above finding was corrected during the year ended September 30, 2015 and is not included as a finding in the current year.

2014-7 **Condition:** Cash was overstated while 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 2015-5.

Fort Valley Main Street/Downtown Development Authority

2014-8 **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 2015-6

City of Fort Valley, Georgia
Schedule of Projects Undertaken
With Special Purpose Sales Tax Proceeds
For the Year Ended September 30, 2015

	Original Estimated Cost	Current Estimated Cost	Expenditures		
			In Prior Years	Current Year	Total
2004 Referendum					
Storm Water Drainage Improvements	\$ 1,250,000	\$ 1,250,000	\$ 1,494,567	\$ 35,235	\$ 1,529,802
2008 Referendum					
Water and Sewer Projects					
Stormwater Drainage	\$ 2,500,000	\$ 2,500,000	\$ 30	\$ 55,562	\$ 55,592
Public Safety Equipment	500,000	500,000	279,386	111,132	390,518
Road, Street and Bridge Purposes (a)	-	250,000	234,083	-	234,083
	<u>\$ 3,000,000</u>	<u>\$ 3,250,000</u>	<u>\$ 513,499</u>	<u>\$ 166,694</u>	<u>\$ 680,193</u>
2008 Referendum - Main Street DDA					
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
2015 Referendum					
Roads, Streets, Bridges, and Drainage (including Stormwater)	\$ 1,453,000	\$ 1,453,000	\$ -	\$ 87,935	\$ 87,935
Government Buildings and Solid Waste Facilities and Equipment	1,151,000	1,151,000	-	-	-
Cultural, Historical, and Recreational Projects	651,000	651,000	-	-	-
Public Safety Facilities and Equipment	651,000	651,000	-	-	-
	<u>\$ 3,906,000</u>	<u>\$ 3,906,000</u>	<u>\$ -</u>	<u>\$ 87,935</u>	<u>\$ 87,935</u>