City of Fort Valley, Georgia

FINANCIAL STATEMENTS

September 30, 2021

Table of Contents

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia (the "City") as of and for the year ended September 30, 2021, and respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Fort Valley Utility Commission, which statements reflect total assets of $60,922,508 as of September 30, 2021, and total revenues of $25,970,925 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fort Valley Utility Commission, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America also require that the Schedule of Changes in Net Pension Liability on page 62 and Schedule of Contributions on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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. The combining nonmajor governmental fund financial statements and the accompanying schedule of the 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 nonmajor governmental fund financial statements and the accompanying schedule of the projects undertaken with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
January 7, 2025

CITY OF FORT VALLEY, GEORGIA

Basic Financial Statements

September 30, 2021	Primary Government Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Current Assets				
Cash and cash equivalents	$ 7,575,934	$ 1,476,477	$ 9,052,411	$ 1,051,389
Investments	-	-	-	8,027,743
Receivables				
Accounts, net	-	40,308	40,308	4,556,118
Taxes	81,327	-	81,327	-
Intergovernmental	299,200	198,692	497,892	-
Interest	-	-	-	1,057
Internal balances	2,976,303	(2,976,303)	-	-
Inventory	-	-	-	643,632
Prepaid items	-	-	-	193,843
Non-current Assets				
Restricted assets				
Investments	-	-	-	2,927,362
Capital assets				
Non-depreciable capital assets	731,155	-	731,155	4,716,573
Depreciable capital assets, net	4,472,288	486,752	4,959,040	40,397,087
Total assets	16,136,207	(774,074)	15,362,133	62,514,804
Deferred Outflows of Resources				
Pension	512,060	83,359	595,419	528,979
Liabilities				
Current Liabilities:				
Accounts payable	166,223	39,295	205,518	1,970,355
Accrued wages and benefits	28,289	4,236	32,525	144,496
Unearned revenue	1,673,368	-	1,673,368	-
Sales and excise taxes payable	-	-	-	53,552
Intergovernmental payable	-	-	-	419,167
Compensated absences payable	99,916	2,178	102,094	147,046
Revenue bonds payable	-	-	-	2,093,148
Notes payable	-	-	-	165,929
Capital leases payable	24,802	52,069	76,871	-
Long-term Liabilities:				
Customer deposits	-	-	-	659,079
Net pension liability	1,544,458	251,424	1,795,882	949,893
Deferred compensation	-	-	-	260,742
Compensated absences payable	299,747	27,156	326,903	73,743
Accrued death benefits payable	183,572	-	183,572	-
Capital leases payable	29,903	-	29,903	-
Notes payable	-	-	-	2,603,350
Total liabilities	4,050,278	376,358	4,426,636	9,540,500

-Continued-

September 30, 2021	Primary Government Governmental Activities	Business-type Activities	Total	Component Units
Deferred Inflows of Resources				
Pension	134,813	21,946	156,759	295,389
Net Position				
Net investment in capital assets	5,178,641	434,683	5,613,324	40,251,233
Restricted for:				
Capital projects	3,861,958	-	3,861,958	-
Public safety	63,016	-	63,016	-
New electric generation	-	-	-	1,551,658
Restricted for pledged collateral - construction loan	-	-	-	1,375,703
Unrestricted	3,359,561	(1,523,702)	1,835,859	10,029,300
Total net position (deficit)	$ 12,463,176	$ (1,089,019)	$ 11,374,157	$ 53,207,894

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

City of Fort Valley, Georgia
Statement of Activities

For the year ended September 30, 2021

Functions/Programs	Expenses	Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 1,324,868	$ 2,620	$ -	$ 229,978
Judicial	109,612	272,398	-	-
Public safety	3,363,100	5,403	-	-
Public works	1,435,177	85,968	-	1,330,170
Culture and recreation	577,921	6,820	-	-
Housing and development	50,073	-	-	-
Interest	2,081	-	-	-
Total governmental activities	6,862,832	373,209	-	1,560,148
Business-type activities				
Sanitation services	1,152,147	1,130,192	-	-
Total business-type activities	1,152,147	1,130,192	-	-
Total primary government	$ 8,014,979	$ 1,503,401	$ -	$ 1,560,148
Component Unit				
Fort Valley Utility Commission	$ 22,298,540	$ 24,242,991	$ -	$ 1,727,934
Downtown Development Authority	91,884	76,067	-	36,000
Total Component Units	$ 22,390,424	$ 24,319,058	$ -	$ 1,763,934

General revenues and transfers

Taxes

Property taxes levied for general government purposes

Alcoholic beverage tax

Local option sales tax

Franchise tax

Hotel/motel tax

Other taxes

Investment earnings

Gain on sale of assets

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (1,092,270)	$ -	$ (1,092,270)	$ -
162,786	-	162,786	-
(3,357,697)	-	(3,357,697)	-
(19,039)	-	(19,039)	-
(571,101)	-	(571,101)	-
(50,073)	-	(50,073)	-
(2,081)	-	(2,081)	-
(4,929,475)	-	(4,929,475)	-
-	(21,955)	(21,955)	-
-	(21,955)	(21,955)	-
(4,929,475)	(21,955)	(4,951,430)	-
-	-	-	3,672,385
-	-	-	20,183
-	-	-	3,692,568
2,532,740	-	2,532,740	-
159,078	-	159,078	-
1,865,061	-	1,865,061	-
1,922,086	-	1,922,086	-
8,149	-	8,149	-
120,966	-	120,966	-
1,563	1,424	2,987	2,784
25,020	-	25,020	-
362,102	-	362,102	-
6,996,765	1,424	6,998,189	2,784
289,100	(289,100)	-	-
7,285,865	(287,676)	6,998,189	2,784
2,356,390	(309,631)	2,046,759	3,695,352
10,106,786	(779,388)	9,327,398	49,512,542
$ 12,463,176	$ (1,089,019)	$ 11,374,157	$ 53,207,894

September 30, 2021	General	2008 SPLOST Fund	2015 SPLOST Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$2,257,268	$ 1,270,594	$2,174,534	$1,628,212	$ 416,976	$ 7,747,584
Receivables:						
Taxes	80,548	-	-	-	779	81,327
Intergovernmental	7,766	-	127,442	-	171,758	306,966
Interfund receivable	3,027,761	5,200	22,965	45,156	-	3,101,082
Total assets	$5,373,343	$ 1,275,794	$2,324,941	$1,673,368	$ 589,513	$ 11,236,959
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 120,561	$ -	$ 44,102	$ -	$ 1,560	$ 166,223
Ledger overdraft	-	-	-	-	171,758	171,758
Accrued wages and benefits	28,289	-	-	-	-	28,289
Unearned revenue				1,673,368	-	1,673,368
Interfund payable	22,965	96,514	5,200	-	100	124,779
Total liabilities	171,815	96,514	49,302	1,673,368	173,418	2,164,417
Fund balances						
Restricted for:						
Public safety technology	63,016	-	-	-	-	63,016
SPLOST capital projects	-	1,179,280	2,275,639	-	407,039	3,861,958
Assigned for:						
Other	-	-	-	-	9,056	9,056
Contingencies	674,490	-	-	-	-	674,490
Unassigned	4,464,022	-	-	-	-	4,464,022
Total fund balances	5,201,528	1,179,280	2,275,639	-	416,095	9,072,542
Total Liabilities and Fund Balances	$5,373,343	$ 1,275,794	$2,324,941	$1,673,368	$ 589,513	$ 11,236,959

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

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

September 30, 2021

Differences in amounts reported for governmental activities in the Statement of Net Position:		
Fund balances - Total governmental funds	$	9,072,542
Capital assets reported in governmental activities are not current financial resources and therefore are not reported at the fund level.		5,203,443
Pension related deferred outflows, deferred inflows, and net pension liability represent an acquisition or consumption of net assets that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(1,175,589)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases		(53,985)
Compensated absences		(399,663)
Accrued death benefits		(183,572)
Net position of governmental activities	$	12,463,176

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

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

For the year ended September 30, 2021	General	2008 SPLOST Fund	2015 SPLOST Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 6,478,945	$ -	$ -	$ -	$ 8,149	$ 6,487,094
Licenses and permits	120,966	-	-	-	-	120,966
Intergovernmental	-	-	923,128	-	637,020	1,560,148
Charges for services	131,197	-	-	-	-	131,197
Fines and forfeitures	237,947	-	-	-	-	237,947
Investment earnings	4,966	247	435	-	-	5,648
Miscellaneous	369,710	-	-	-	-	369,710
Total revenues	7,343,731	247	923,563	-	645,169	8,912,710
Expenditures						
Current						
General government	1,263,138	-	-	-	-	1,263,138
Judicial	109,472	-	-	-	-	109,472
Public safety	3,208,048	-	-	-	-	3,208,048
Public works	973,798	75,266	-	-	-	1,049,064
Culture and recreation	527,336	-	-	-	-	527,336
Housing and development	-	-	-	-	238,739	238,739
Capital Outlay	-	-	35,614	-	-	35,614
Debt service						
Principal	24,060	-	-	-	-	24,060
Interest	2,061	-	-	-	-	2,061
Total expenditures	6,107,913	75,266	35,614	-	238,739	6,457,532
Excess (deficiency) of revenues over (under) expenditures	1,235,818	(75,019)	887,949	-	406,430	2,455,178
Other Financing Sources (Uses)						
Transfers in	293,958	-	-	-	-	293,958
Sale of capital assets	25,020	-	-	-	-	25,020
Total other financing sources (uses)	318,978	-	-	-	-	318,978
Net change in fund balances	1,554,796	(75,019)	887,949	-	406,430	2,774,156
Fund balances, beginning of year	3,646,732	1,254,299	1,387,690	-	9,665	6,298,386
Fund balances, end of year	$ 5,201,528	$ 1,179,280	$ 2,275,639	$ -	$ 416,095	$ 9,072,542

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

City of Fort Valley, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	$2,774,156
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	27,500
Depreciation expense on governmental capital assets in included in the governmental activities of the Statement of Activities.	(435,254)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces capital lease liabilities in the Statement of Net Position.	24,060
Pension contributions are reported as expenditures in the governmental funds when made. Pension expense is reported in the Statement of Activities as the change in the net pension liability adjusted for changes in deferred outflows / inflows of resources related to pensions.	(50,200)
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.	16,128
Change in net position of governmental activities	$2,356,390

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

For the year ended September 30, 2021	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 5,587,757	$ 5,587,757	$ 6,478,945	$ 891,188
Licenses and permits	110,000	110,000	120,966	10,966
Intergovernmental	15,600	15,600	-	(15,600)
Charges for services	61,100	61,100	131,197	70,097
Fines and forfeitures	143,000	143,000	237,947	94,947
Investment earnings	2,000	2,000	4,966	2,966
Miscellaneous	12,000	12,000	369,710	357,710
Total revenues	5,931,457	5,931,457	7,343,731	1,412,274
Expenditures				
Current:				
General government	1,337,540	1,337,540	1,263,138	74,402
Judicial	57,557	57,557	109,472	(51,915)
Public safety	3,189,915	3,189,915	3,208,048	(18,133)
Public works	1,155,453	1,155,453	973,798	181,655
Culture and recreation	385,253	385,253	527,336	(142,083)
Housing and development	12,000	12,000	-	12,000
Debt service				
Principal	20,195	20,195	24,060	(3,865)
Interest	6,394	6,394	2,061	4,333
Total expenditures	6,164,307	6,164,307	6,107,913	56,394
Excess (deficiency) of revenues over (under) expenditures	(232,850)	(232,850)	1,235,818	1,355,880
Other Financing Sources (Uses)				
Transfers in	298,527	298,527	293,958	(4,569)
Sale of capital assets	18,470	18,470	25,020	6,550
Net change in fund balances	(214,380)	(214,380)	1,554,796	1,362,430
Fund balance, beginning of year	3,646,732	3,646,732	3,646,732	-
Fund balances, end of year	$ 3,432,352	$ 3,432,352	$ 5,201,528	$ 1,362,430

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

Bussiness-type Activities - Enterprise Fund

September 30, 2021		Sanitation Fund
Assets		
Current assets		
Cash and cash equivalents	$	1,476,477
Receivables, net		
Accounts		40,308
Intergovernmental		198,692
Total current assets		1,715,477
Noncurrent assets		
Capital assets		
Depreciable capital assets, net		486,752
Total assets		2,202,229
Deferred Outflows of Resources		
Deferred outflows related pension		83,359
Liabilities		
Current liabilities		
Accounts payable		39,295
Accrued wages and benefits		4,236
Interfund payable		2,976,303
Compensated absences payable		2,178
Capital leases payable		52,069
Total current liabilities		3,074,081
Noncurrent liabilities		
Net pension liability		251,424
Compensated absences, net of current portion		27,156
Total noncurrent liabilities		278,580
Total liabilities		3,352,661
Deferred Inflows of Resources		
Deferred inflows related to pensions		21,946
Net Position		
Net investment in capital assets		434,683
Unrestricted		(1,523,702)
Total net position (deficit)	$	(1,089,019)

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

Bussiness-type Activities - Enterprise Fund

For the year ended September 30, 2021		Sanitation Fund
Operating Revenues		
Charges for services	$	1,130,192
Operating Expenses		
Personnel services		485,809
Purchased services		481,105
Materials and supplies		128,522
Depreciation		53,461
Total operating expenses		1,148,897
Operating income (loss)		(18,705)
Nonoperating Revenues (Expenses)		
Interest income		1,424
Interest and fiscal charges		(3,250)
Total nonoperating revenues (expenses)		(1,826)
Income (loss) before transfers		(20,531)
Transfers out		(289,100)
Change in net position		(309,631)
Net position (deficit), beginning of year		(779,388)
Net position (deficit), end of year	$	(1,089,019)

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

Business-type Activities - Enterprise Fund

For the year ended September 30, 2021		Sanitation Fund
Operating Activities		
Cash received from customers for sales and services	$	1,130,192
Cash payments to employees		(485,809)
Cash payments to suppliers for goods and services		(528,565)
Net cash provided by (used in) operating activities		115,818
Noncapital Financing Activities		
Cash from interfund loans		711,185
Net cash provided by (used in) noncapital financing activities		711,185
Capital and Related Financing Activities		
Principal paid on leases		(50,470)
Interest paid on leases		(3,250)
Net cash provided by (used in) capital and related financing activities		(53,720)
Investing Activities		
Investment income		1,424
Net increase (decrease) in cash and cash equivalents		774,707
Cash and cash equivalents, beginning of year		701,770
Cash and cash equivalents, end of year	$	1,476,477

-Continued-

Business-type Activities - Enterprise Fund		
For the year ended September 30, 2021		Sanitation Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$	(18,705)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation		53,461
Change in assets, deferred outflows, liabilities and deferred inflows		
(Increase) decrease in assets and deferred outflows		
Deferred outflows related in pensions		122,108
Increase (decrease) in liabilities and deferred inflows		
Accounts payable		(27,020)
Accrued wages and benefits		-
Deferred inflows of resources in pensions		(1,916)
Total adjustments		134,523
Net cash provided by operating activities	$	115,818

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

September 30, 2021

Assets		
Cash and cash equivalents	$	4,993
Certificate of deposit		30,922
Total assets	$	35,915
Net Position		
Held in trust for library purposes	$	35,915

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

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

For the year ended September 30, 2021

Additions		
Investment earnings	$	-
Deductions		
Culture and recreation		-
Change in net position		-
Net position, beginning of year		35,915
Net postion, end of year	$	35,915

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

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

September 30, 2021	Main Street/ DDA	Fort Valley Utility Commission	Total
Assets			
Cash and cash equivalents	$ 128,053	$ 923,336	$ 1,051,389
Investments	-	8,027,743	8,027,743
Receivables:			
Accounts, net	150,000	4,406,118	4,556,118
Interest	-	1,057	1,057
Inventory	-	643,632	643,632
Prepaid items	-	193,843	193,843
Total current assets	278,053	14,195,729	14,473,782
Non-current assets			
Restricted assets			
Investments	-	2,927,362	2,927,362
Capital assets:			
Non-depreciable capital assets	366,135	4,350,438	4,716,573
Depreciable capital assets, net	948,108	39,448,979	40,397,087
Total assets	1,592,296	60,922,508	62,514,804
Deferred Outflows of Resources			
Pension	-	528,979	528,979
Liabilities			
Current Liabilities			
Accounts payable	8,277	1,962,078	1,970,355
Accrued payroll	-	144,496	144,496
Sales and excise taxes payable	-	53,552	53,552
Intergovernmental payable	-	419,167	419,167
Compensated absences payable	-	147,046	147,046
Revenue bonds payable		2,093,148	2,093,148
Notes payable	-	165,929	165,929
Total current liabilities	8,277	4,985,416	4,993,693
Long-term Liabilities:			
Net pension liability	-	949,893	949,893
Customer deposits	-	659,079	659,079
Compensated absences payable	-	73,743	73,743
Deferred compensation	-	260,742	260,742
Notes payable	-	2,603,350	2,603,350
Total liabilities	8,277	9,532,223	9,540,500
Deferred Inflows of Resources			
Pension	-	295,389	295,389
Net Position			
Net investment in capital assets	1,314,243	38,936,990	40,251,233
Restricted for new electric generation	-	1,551,658	1,551,658
Restricted for pledged collateral - construction loan	-	1,375,703	1,375,703
Unrestricted	269,776	9,759,524	10,029,300
Total net position	$ 1,584,019	$ 51,623,875	$ 53,207,894

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

For the year ended September 30, 2021	Main Street/ DDA	Fort Valley Utility Commission	Total
Expenses			
General government	$ 91,884	$ -	$ 91,884
Utilities	-	22,298,540	22,298,540
Total expenses	91,884	22,298,540	22,390,424
Revenues			
Program			
Charges for services	76,067	24,242,991	24,319,058
Capital grants and contributions	36,000	1,727,934	1,763,934
Total program revenues	112,067	25,970,925	26,082,992
Net program (expense) revenue	20,183	3,672,385	3,692,568
General revenues			
Investment earnings	-	2,784	2,784
Change in net position	20,183	3,675,169	3,695,352
Net position, beginning of year	1,563,836	47,948,706	49,512,542
Net position, end of year	$ 1,584,019	$ 51,623,875	$ 53,207,894

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fort Valley, Georgia (the "City"), was chartered by an act of the General Assembly of the State of Georgia. The City provides the following services as authorized by its charter: general government, judicial, public safety (police and fire), public works, cultutre and recreation, and housing and development. The City also operates a sanitation program.

Reporting Entity

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

Discretely Presented Component Units

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

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

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

Government-Wide and Fund Financial Statements

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund – The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

ARPA Fund – The ARPA fund accounts for the receipt and expenditure of COVID related American Rescue Plan (ARPA) funds.

The City reports the following major enterprise fund:

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements **(continued)**

The City also reports the following fiduciary fund:

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

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

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

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

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

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

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. No other funds were budgeted and adopted by the City for the year ended September 30, 2021.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary basis of accounting (continued)

contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

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

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

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at September 30, 2021.

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

Interfund Activities and Transactions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Inventories and Prepaid Items (Utility Commission)

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

Payments made to vendors for services (i.e. prepaid insurance) that will benefit periods beyond September 30, 2021, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

Restricted Assets (Utility Commission)

In 2021, restricted assets consist of the new generation and capacity funding account $1,551,658 and a construction loan certificate of deposit pledged as collateral for in the amount of $1,375,704.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

The City of Fort Valley and Main Street/DDA

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

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

The Utility Commission

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources (continued)

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

Compensated Absences

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

Compensated Absences – The Utility Commission

Annual leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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.

Pensions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Net Position and Fund Balance

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

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

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

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

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

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

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

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

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

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

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

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

Contribution of Capital – The Utility Commission

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

Cost Allocations – The Utility Commission

The Utility Commission allocates the cost of operating its Meter Department, Warehouse Operation, and Administrative Offices, which include Customer Service, Billing, Finance, Information Technology, Accounting and Operations, on the basis of the number of customers/meters served by each of the operating departments. The allocation rates are: Electric 30.00%, Water 28.50%, Sewer 20.00%, Gas 20.00%, Telecom 1.50% for the year ended September 30, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 7, 2025, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the fiscal years beginning after December 15, 2019. The implementation of this statement had no impact on the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund.

Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial*

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits,

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

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

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report.* This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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

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

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section report the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

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

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

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

City Deposits - The City's bank balances of deposits as of September 30, 2021, were entirely insured or collateralized with securities held by the City's agent in the City's name. At September 30, 2021, the bank balances were $9,052,411. The City has not adopted formal cash policies.

Utility Commission Deposits and Investments – At September 30, 2021, all bank balances were entirely insured or collateralized. In October 2011 the Utility Commission elected to secure its deposits in a pool of pledged securities established and maintained by CB&T Bank of Middle Georgia, a division of Synovus Bank, in accordance with Georgia Uniform Commercial Code Chapter 8, Title 45, Code Section 45-8-1 and administered under the direction of the Georgia Office of Treasury and Fiscal Services. The Utility Commission did the same in 2016 when they opened two new accounts at BB&T, a bank that participates in a pool of pledged securities. In fiscal year 2019, the Utility Commission opened a new account at Georgia Community Bank with a balance of less than the FDIC insured limit. At September 30, 2021, the bank balances were $810,585 and the carrying amount was $923,336.

Main Street/DDA – ***Deposits*** – At September 30, 2021, all of the Main Street/DDA's bank balances were entirely FDIC insured. At September 30, 2021, the bank balances were $128,053.

Fort Valley Utility Commission – Investments

At September 30, 2021, the Utility Commission had the following investments presented by maturity period:

		Maturity Period		
Investment Type	Fair Value	Three Months or Less	4-12 Months	1-5 Years
Certificate of deposit	$ 1,375,703	$ -	$ -	$ 1,375,703
Money market account	4,891,347			
Municipal competitive trust	4,688,054			
Total investments	$ 10,955,104			

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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

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, 2021 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, 2021:

Bank:	Amount	% of Total
CB&T Bank of Middle Georgia	$ 1,375,703	100%

City Receivables

Receivables at September 30, 2021, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

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

Utility Commission Receivables

Receivables at September 30, 2021 consisted of interest and customer accounts (billings for user charges, including unbilled utility receivables).

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

Note 2: DETAILED NOTES ON ALL FUNDS (Contined)

Capital Assets

The following is a summary of capital asset activity for the year ended September 30, 2021.

Governmental Activities	**Balance 10/1/20**	**Additions**	**Deletions**	**Balance 9/30/21**
Capital Assets, not being depreciated				
Land	$ 731,155	$ -	$ -	$ 731,155
Total non-depreciable capital assets	$ 731,155	$ -	$ -	$ 731,155
Capital assets, being depreciated				
Buildings	$ 2,545,882	$ -	$ -	$ 2,545,882
Infrastructure	1,945,408	-	-	1,945,408
Improvements, other than buildings	1,222,438	-	-	1,222,438
Machinery and equipment	4,290,320	27,500	-	4,317,820
Total capital assets being depreciated	10,004,048	27,500	-	10,031,548
Less accumulated depreciation for				
Buildings	584,148	36,753	-	620,901
Infrastructure	723,594	97,270	-	820,864
Improvements, other than buildings	415,722	49,727	-	465,449
Machinery and equipment	3,400,542	251,504	-	3,652,046
Total accumulated depreciation	5,124,006	435,254	-	5,559,260
Total capital assets being depreciated, net	$ 4,880,042	$ (407,754)	$ -	$ 4,472,288

Governmental activities depreciation expense for the year ended September 30, 2021:

For the year ended September 30,	2021
Governmental activities	
General government	$ 21,787
Public safety	120,865
Public works	242,792
Culture and recreation	49,810
Total depreciation - governmental activities	$ 435,254

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

The following is a summary of capital asset activity for business-type activities for the year ended September 30, 2021.

Business-type Activities	Balance 10/1/20	Additions	Deletions	Balance 9/30/21
Capital assets, being depreciated				
Machinery and equipment	$ 1,581,252	$ 334,746	$ -	$ 1,915,998
Less accumulated depreciation for				
Machinery and equipment	1,375,785	53,461	-	1,429,246
Total capital assets being depreciated, net	$ 205,467	$ 281,285	$ -	$ 486,752

The following is a summary of capital asset activity for the Main Street/DDA component unit for the year ended September 30, 2021.

Main Street/DDA	Balance 10/1/20	Additions	Deletions	Balance 9/30/21
Capital Assets, not being depreciated				
Land	$ 366,135	$ -	$ -	$ 366,135
Total non-depreciable capital assets	$ 366,135	$ -	$ -	$ 366,135
Capital assets, being depreciated				
Buildings	$ 1,631,554	$ -	$ -	$ 1,631,554
Improvements, other than buildings	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total capital assets being depreciated	1,658,293	-	-	1,658,293
Less accumulated depreciation for				
Buildings	633,877	52,008	-	685,885
Improvements, other than buildings	12,200	610	-	12,810
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	657,567	52,618	-	710,185
Total capital assets being depreciated, net	$ 1,000,726	$ (52,618)	$ -	$ 948,108

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

The following is a summary of capital asset activity for the Utility Commission component unit for the year ended September 30, 2021.

Utility Commission	**Balance 10/1/20**	**Additions**	**Deletions**	**Balance 9/30/21**
Capital Assets, not being depreciated				
Land	$ 176,981	$ -	$ -	$ 176,981
CIP	1,624,084	4,687,308	2,137,935	4,173,457
Total non-depreciable capital assets	1,801,065	4,687,308	2,137,935	4,350,438
Capital assets, being depreciated				
Buildings	$ 3,483,174	$ -	$ -	$ 3,483,174
Distribution system	57,493,858	3,665,435	1,553	61,157,740
Machinery and equipment	5,033,677	15,500	-	5,049,177
Intangibles	511,149	-	-	511,149
Total capital assets being depreciated	66,521,858	3,680,935	1,553	70,201,240
Less accumulated depreciation for				
Buildings	319,845	66,846	-	386,691
Distribution system	24,763,922	1,148,833	-	25,912,755
Machinery and equipment	3,892,567	232,307	-	4,124,874
Intangibles	311,251	16,690	-	327,941
Total accumulated depreciation	29,287,585	1,464,676	-	30,752,261
Total capital assets being depreciated, net	$ 37,234,273	$ 2,216,259	$ 1,553	$ 39,448,979

Interfund Balances

Interfund balances at September 30, 2021, 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 revaluating the situation to determine if it can be repaid in the future, or if the amount will need to be reclassified as a transfer.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Balances (continued)

	Due from:				
	General Fund	2008 SPLOST Fund	2015 SPLOST Fund	ARPA Fund	Total
Due to:					
General fund	$ -	$ -	$ 22,965	$ 45,156	$ 68,121
2015 SPLOST	22,965	5,200	-	-	28,165
ARPA Fund	45,156	-	-		45,156
Other Governmental Funds	100	-	-	-	100
Sanitation	2,959,540	-	-	-	2,959,540
Total	$ 3,027,761	$ 5,200	$ 22,965	$ 45,156	$ 3,101,082

Long-term Debt and Liabilities

City Governmental Activities' Capital Leases – At September 30, 2021, 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 $55,500 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the project:

Year	Principal	Interest	Total
2022	$ 24,802	$ 1,319	$ 26,121
2023	25,566	555	26,121
2024	4,337	18	4,355
	$ 54,705	$ 1,892	$ 56,597

City Business-type Activities' Capital Leases – On September 14, 2017, the City entered into a lease agreement with PNC Equipment Finance, LLC for a Front Loader purchased in the sanitation fund. The original cost of the front loader was $244,833. This year, $30,604 was included in depreciation expense and $117,316 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the front loader.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Year		Principal		Interest		Total
2022	$	52,069	$	1,651	$	53,720

Utility Commission Revenue Bonds Payable – On October 21, 2020, the Utility Commission issued a revenue bond to Synovus Bank, Series 2020A, in the amount of $2,400,000 and an interest rate of 2%. The bond was issued for the purpose of financing, together with other funds, the cost of adding an elevated storage tank, and a new well to the water system. The amount drawn down as on September 30, 2021 was $2,093,148. The United States Department of Agriculture will retire this loan and provide long-term financing through the issuance of a 40 year bond in the amount of $2,387,000.

Utility Commission Notes Payable – At September 30, 2021, the Utility Commission has five loans outstanding with the Georgia Environmental Finance Authority (GEFA) and two with the Georgia Environmental Loan Acquisition Corporation (GELAC).

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

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 were due quarterly with a final maturity date of February 1, 2021. The loan was paid off in 2021.

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

Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year		Principal		Interest		Total
2022	$	46,780	$	15,273	$	62,053
2023		48,744		13,309		62,053
2024		50,779		11,274		62,053
2025		52,932		9,121		62,053
2026		55,144		6,908		62,052
2027-2029		137,745		6,990		144,735
	$	392,124	$	62,875	$	454,999

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

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

Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year	Principal	Interest	Total
2022	$ 16,732	$ 2,212	$ 18,944
2023	17,053	1,891	18,944
2024	17,378	1,566	18,944
2025	17,714	1,230	18,944
2026	18,052	891	18,943
2027-2028	37,133	738	37,871
	$ 124,062	$ 8,528	$ 132,590

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

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

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year		Principal		Interest		Total
2022	$	30,367	$	12,559	$	42,926
2023		31,636		11,291		42,927
2024		32,958		9,969		42,927
2025		34,335		8,592		42,927
2026		35,769		7,158		42,927
2026-2030		155,079		13,049		168,128
	$	320,144	$	62,618	$	382,762

GEFA Loan –– DW14-001 – During fiscal year 2016, the Utility Commission was approved to borrow up to $1,500,000 at a 1.03% interest rate in order to fund the Asbestos Water Main System project. T he Utility Commission received disbursements of $920,533 in fiscal year 2016, $478,936 in fiscal year 2017, and $100,531 in fiscal year 2018. A subsidy in the amount of $500,000 has been received thus far and applied to the principal balance of the disbursements. Repayment of the $1,000,000 final loan amount begin on December 1, 2017. Payments of $4,612 were made monthly with a final maturity date of November 1, 2017. status. Payments of $4,612 are made monthly with a final maturity date is November 1, 2037. The loan went into repayment in the amount of $962,315. Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year		Principal		Interest		Total
2022	$	47,083	$	8,265	$	55,348
2023		47,571		7,777		55,348
2024		48,063		7,285		55,348
2025		48,560		6,788		55,348
2026		49,063		6,285		55,348
2027-2031		253,036		23,704		276,740
2032-2036		266,403		10,337		276,740
2037-2038		64,159		414		64,573
	$	823,938	$	70,855	$	894,793

GEFA Loan –– CW2016025 – During fiscal year 2017, the Utility Commission was approved to borrow up to $1,000,000 at a 1.89% interest rate in order to fund the Speece Cone Superoxygenation System project. During fiscal years 2017 and 2018, the Utility Commission received loan disbursements of $522,971 from the total amount approved. A subsidy in the amount of $82,946 was received during fiscal year 2017 and applied to the principal balance of the disbursements.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Repayment of the $470,025 final loan amount began on April 1, 2018. Payments of $2,353 are made monthly with a final maturity date of March 1, 2018. Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year		Principal		Interest		Total
2022	$	20,860	$	7,381	$	28,241
2023		21,257		6,983		28,240
2024		21,663		6,578		28,241
2025		22,076		6,165		28,241
2026		22,497		5,744		28,241
2027-2031		119,082		22,120		141,202
2032-2036		130,874		10,328		141,202
2037-2038		41,733		627		42,360
	$	400,042	$	65,926	$	465,968

GEFA Loan –– CW20200009 – During fiscal year 2021, the Utility Commission was approved to borrow up to $2,500,000 at a 1.94% interest rate in order to fund a sewer main and lift station for the Peach County High School project. During fiscal year 2021, the Utility Commission received loan disbursements of $1,093,009 from the total amount approved. A subsidy was received lowering the principal balance by $480,924 leaving a balance on the loan of $612,085 at September 30, 2021. As there are still additional projects to fund with the loan money, the loan is not finalized and has not entered the repayment phase.

GEFA Loan –– DW2020015 – During fiscal year 2021, the Utility Commission was approved to borrow up to $200,00000 at a 1.94% interest rate in order to fund a water main for the Peach County High School project. During fiscal year 2021, the Utility Commission received loan disbursements of $197,143 from the total amount approved. A subsidy in the amount of $98,572 was received and applied to the principal balance of the disbursements. Repayment of the $98,572 final loan amount began on May 1, 2021. Payments of $496 are made monthly with a final maturity date of April 1, 2038. Annual debt service requirements to amortize this loan as of September 30, 2021 follow:

Fiscal Year		Principal		Interest		Total
2022	$	4,107	$	1,843	$	5,950
2023		4,187		1,763		5,950
2024		4,269		1,681		5,950
2025		4,353		1,597		5,950
2026		4,438		1,512		5,950
2027-2031		23,529		6,222		29,751
2032-2036		25,924		3,828		29,752
2037-2038		26,077		1,198		27,275
	$	96,884	$	19,644	$	116,528

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Changes in Long-Term Debt – Changes in the City's' long-term obligations consisted of the following for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Net Pension Liability	$ 1,618,851	$ -	$ 74,393	$ 1,544,458	$ -
Capital Leases	78,765	-	24,060	54,705	24,802
Employer Funded Death Benefi	183,572	-	-	183,572	-
Compensated Absences	383,535	16,128	-	399,663	99,916
	$ 2,264,723	$ 16,128	$ 98,453	$ 2,182,398	$ 124,718
Business-type activities					
Net Pension Liability	$ 263,534	$ -	$ 12,110	$ 251,424	$ -
Capital Leases	102,539	-	50,470	52,069	52,069
Compensated absences	29,334	-	-	29,334	2,178
	$ 395,407	$ -	$ 62,580	$ 332,827	$ 54,247
Utility Commission					
GEFA loan - DW97-027	$ 81,727	$ -	$ 81,727	$ -	$ -
GEFA loan - DW97-027A	19,003	-	19,003	-	-
GELAC loan - 2006-L58WQ	437,008	-	44,884	392,124	46,780
GEFA loan - DWSRF 04-004	140,480	-	16,418	124,062	16,732
GELAC loan - 2007 L42WQ	349,294	-	29,150	320,144	30,367
GEFA loan - DW14-001	870,539	-	46,601	823,938	47,083
GEFA loan - CW2016-025	420,512	-	20,470	400,042	20,860
GEFA loan- CW20200009	-	612,085	-	612,085	-
GEFA loan- CW20200015	-	98,572	1,688	96,884	4,107
Death benefits	222,106	38,636	-	260,742	-
Compensated Absences	261,225	206,058	246,494	220,789	147,046
	$ 2,801,894	$ 955,351	$ 506,435	$ 3,250,810	$ 312,975

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

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

Note 3: PENSIONS

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

City Retirement Plan

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

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

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

At September 30, 2021, the pension plan membership consisted of the following:

Plan Membership	
Active participants	74
Vested terminated participants	19
Retired participants and beneficiaries	53
Total plan membership	146

Note 3: PENSIONS (Continued)

City Retirement Plan (continued)

Contributions – The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law. The GMEBS Board of Trustees has adopted an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2021, the City's recommended contribution rate was 12.6% of expected payroll. The City's contribution to the plan for the year ended September 30, 2021 was $261,650. Participants in the plan are not required to contribute.

Net Pension Liability – The City's net pension liability was measured as of September 30, 2020, 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, 2021.

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	2.25 percent, plus service based merit increases
Investment rate of return	7.375 percent

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

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.05%
Real Estate	10.00%	4.50%
Global Fixed Income	5.00%	1.25%
Domestic Fixed Incom	20.00%	1.15%
	100.00%	

Note 3: PENSIONS (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30,2018	$ 5,862,011	$ 3,979,626	$ 1,882,385
Changes for the year			
Service cost	81,979	-	81,979
Interest	423,699	-	423,699
Differences between expected and actual experience	102,255	-	102,255
Contributions - employer	-	332,590	(332,590)
Contributions - employee	-	-	-
Net investment income	-	383,590	(383,590)
Benefit payments, including refunds of employee contributions	(397,833)	(397,833)	-
Administrative expense	-	(21,744)	21,744
Other	-	-	-
Net changes	210,100	296,603	(86,503)
Balances at September 30, 2019	$ 6,072,111	$ 4,276,229	$ 1,795,882

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 7.375 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate.

	Decrease (6.375%)	Discount Rate (7.375%)	Increase (8.375%)
City's net pension liability - General Employees	$ 2,523,857	$ 1,795,882	$ 1,192,174

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

Note 3: PENSIONS (Continued)

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

For the year ended September 30, 2021, the City recognized pension expense of $292,329. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflow of Resources		Deferred Inflow of Resources
Diffrence between expected and actual experience	$	168,500	$	(104,136)
Changes of assumptions		165,269		-
Net difference between projected and actual earnings on pension plan investments		-		(52,623)
Employer contibutions subseuqne to the measurement date		261,650		-
Total	$	595,419	$	(156,759)

$261,650 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension's expense as follows:

For the years ending September 30,		
#NAME?	$	77,279
#NAME?		44,778
#NAME?		53,162
#NAME?		1,791
#NAME?		-
Total	$	177,010

Utility Commission Retirement Plan

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

Note 3: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

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

At September 30, 2021, the plan had 47 active employees, 16 vested former employees, and 39 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, 2021 was 9.41 percent of covered payroll. The Commission's recommended contribution to the plan for the year ended September 30, 2021 was $248,019. Participants in the plan are not required to contribute.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the Commission reported a net pension liability of $949,893. The net pension liability was measured as of September 30 2020, 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, 2021.

For the year ended September 30, 2021, the Commission recognized pension expense of $137,734. At September 30, 2021, the Commission had deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Diffrence between expected and actual experience	$ -	$ (196,219)
Changes of assumptions	280,960	-
Net difference between projected and actual earnings on pension plan investments	-	(99,170)
Contibutions made subsequent to measurement date	248,019	-
Total	$ 528,979	$ (295,389)

Note 3: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

The Authority's contributions subsequent to the measurement date of $248,019 are reported as deferred outflows of resources and will be recognized as a reduction to the net pension liability in the years ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

For the years ending September 30,		
#NAME?	$	(72,664)
#NAME?		86,937
#NAME?		7,798
#NAME?		(36,500)
Total	$	(14,429)

Actuarial Assumptions – The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on sex-distinct Pri-2012 head-count weighted Employee Mortality Table. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.05%
Real Estate	10.00%	4.50%
Global Fixed Income	5.00%	1.25%
Domestic Fixed Incom	20.00%	1.15%
	100.00%	

Note 3: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability as of September 30, 2021 was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – Changes in the Commission's net pension liability for the year ended September 30, 2021 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2020	$ 9,528,503	$ 8,287,642	$ 1,240,861
Changes for the year			
Service cost	105,290	-	105,290
Interest	690,893	-	690,893
Differences between expected and actual experience	(124,014)	-	(124,014)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	200,333	(200,333)
Contributions - employee	-	-	-
Net investment income	-	780,838	(780,838)
Benefit payments, including refunds of employee contributions	(531,499)	(531,499)	-
Administrative expense	-	(18,034)	18,034
Other	-	-	-
Net changes	140,670	431,638	(290,968)
Balances at September 30, 2021	$ 9,669,173	$ 8,719,280	$ 949,893

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 7.375 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375)	1% Increase (8.375%)
Net Pension Liability	$ 2,006,637	$ 949,893	$ 54,466

Note 3: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

Benefit Changes – There were no changes in benefit provisions in the last two fiscal years.

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

Note 4: NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets on the City-wide statement of net position as of September 30, 2021 is as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	$ 5,203,443	$ 486,752	$ 5,690,195
Outstanding debt related to capital assets	24,802	52,069	76,871
Net investment in capital assets	$ 5,178,641	$ 434,683	$ 5,613,324

Note 5: FUND EQUITY

Restricted - The following fund balances are restricted for:

General Fund

Public safety technology	$ 63,016

Capital Projects Fund:

Special Local Option Sales Tax (SPLOST) Fund used toaccount for capital projects financed with SPLOST	$ 3,861,958

Assigned - The following fund balances are assigned to:

General Fund

Contingencies	$ 674,490

Other Governmental Funds

Other - hotel/motel tax	$ 9,056

Note 6: CONTRACT COMMITMENTS –UTILITY COMMISSION

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

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

MEAG has issued bonds for the purpose of building generation, transmission, and telecommunications facilities. Each participant, such as the Utility Commission, is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The Utility Commission's contingent contractual obligation varies by individual MEAG project and totals approximately $75,994,583,983 at September 30, 2020. The contingent obligations are general obligations of the Utility Commission and the City to which the City's full faith, credit and taxing powers are pledged.

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

The flexible operating trust account includes funds that are available for withdrawal at the discretion of the Utility Commission. This amount is included in investments and totals $3,136,396 at September 30, 2021. 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, 2021 was $0. Due to the restrictions on the use of these two accounts, they are not presented on the statement of net position.

Credits from the Municipal Competitive Trust for Power Supply Year 2014. In accordance with the First Amendment of the Municipal Competitive Trust, MEAG Power withdrew funds from the credit support operation account and the reserve funded debt account on behalf of the Participants for the purpose of lowering the annual generation charges for the period of January 1, 2009 through December 31, 2018. The annual amount for the Utility Commission for 2009 was $1,202,727. The annual amount for the Utility Commission for 2010 was $1,157,508. The annual amount for the Utility Commission for 2011 was $1,387,086. The annual amount for the Utility Commission for 2012 was $769,170. The annual amount for the Utility Commission for 2013 was $1,463,662. The annual amount for the Utility Commission for 2015 was $1,183,043. The annual amount for the Utility Commission for 2016 was $1,038,756. The annual amount for the Utility Commission for 2017 is $662,190 and for 2018 was $432,326. The final credits of $100,740 were issued in 2019.

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

Note 6: CONTRACT COMMITMENTS –UTILITY COMMISSION (Continued)

Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account is displayed as a restricted investment asset in the comparative statement of net position. The amount was $1,551,658 for 2021.

Georgia Public Web Membership – The Utility Commission and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not-for-profit corporation) to provide internet and telecommunication services to customers in Georgia. On October 10, 2000 the Utility Commission signed a 50-year commitment to pay each month a proportionate share of the difference between Georgia Public Web's budgeted costs and revenues. The Utility Commission's proportionate share is 2.315% at September 30, 2020. The contingent obligations are general obligations of the Utility Commission and the City to which the City's full faith, credit and taxing powers are pledged. However, in fiscal year 2008, the Utility Commission advance paid their total commitment (Georgia Public Web telecom debt issued on April 3, 2003).

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

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

The Utility Commission is contingently liable for their pro-rata share of the debt. The Utility Commission's contingent contractual obligation total approximately $2,032,620 at September 30, 2021. On December 12, 2002 an intergovernmental agreement was made between the Utility Commission and the City of Fort Valley related to the MGAG contract. Under this agreement, in the event of any required payments pursuant to the provisions of the Gas Supply Contract the payments shall be made first by the Utility Commission from its revenues and assets before any required payments are made by the City of Fort Valley.

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

Note 6: CONTRACT COMMITMENTS –UTILITY COMMISSION (Continued)

City of Fort Valley Payment In lieu of Franchise Fees (PILOFF) – HB685 codified a fixed sum monthly payment in lieu of franchise fees that the City may use for general fund purposes. The Commission shall annually pay to the City, in lieu of franchise fees, the greater of $1.25 million or 6.0 percent of all revenue collected for charges for services for the year, to be paid in twelve monthly installments of $104,165 on or before the 15th day of each month, with a final payment due, if required, within 90 days of completion of the Commission's comprehensive annual financial report for the subsequent year.

Note 7: RISK MANAGEMENT

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

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

Utility Commission Risk Management

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

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

Note 8: CONTINGENT LIABILITIES

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

Note 8: CONTINGENT LIABILITIES (Continued)

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, 2021. In the opinion of the Utility Commission's management, there are no legal contingencies which will have a material effect on the financial position of the Utility Commission in subsequent years.

Note 9: ENVIRONMENTAL REMEDIATION

In 2003, the Georgia Department of Natural Resources placed the Vienna Street Dump on the Hazardous Site Inventory and held the City of Fort Valley to be the responsible party. The Vienna Street Dump was placed on the Hazardous Site Inventory because the site has a known release of arsenic exceeding the reportable quantity. The Georgia Environmental Protection Division requires the City of Fort Valley to complete a Compliance Status Report, wherein the City will investigate the source of contamination and propose a Corrective Action Plan to remediate the contamination. As of September 30, 2020, the City had not completed the Compliance Status Report. It is therefore not possible to estimate the costs of remediation, either for the completion of the Compliance Status Report or the execution of the Corrective Action Plan. There may also be other responsible parties discovered through the investigation of the Compliance Status Report that could defray some or all of the environmental remediation liability. The amount of these recoveries, if any, can also not be estimated as of September 30, 2021.

Note 10: RELATED ORGANIZATIONS

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

Note 11: JOINT VENTURES

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

Note 12: HOTEL MOTEL TAX

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2021 follows:

Lodging tax receipts	$	8,149
Required expenditures	$	3,260
Actual expenditures	$	8,681

Note 13: COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Fort Valley, Georgia
Required Supplementary Information
Schedule of Employer's Proportionate Share of the Net Pension Liability

As of and for the year ended September 30,	**2021**	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	**$ 81,979**	$ 86,998	$ 87,081	$ 96,444	$ 89,621	$ 78,088	$ 73,545
Interest	**423,699**	417,787	407,136	390,983	362,832	339,038	332,648
Difference between expected and actual experience	**102,255**	(173,561)	49,402	117,201	260,977	186,530	(42,622)
Changes of assumptions	**-**	250,879	-	-	-	-	(16,680)
Changes of benefit terms	**-**	-	-	-	-	24,284	48,214
Other	**-**	-	-	73,704	-	-	-
Benefit payments, including refunds of member contributions	**(397,833)**	(407,169)	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Net change in total pension liability	**210,100**	174,934	147,744	310,463	380,913	318,598	79,138
Total pension liability - beginning	**5,862,011**	5,687,077	5,539,333	5,228,870	4,847,957	4,529,359	4,450,221
Total pension liability - ending (a)	**6,072,111**	5,862,011	5,687,077	5,539,333	5,228,870	4,847,957	4,529,359
Plan Fiduciary Net Position							
Contribution - employer	**332,590**	256,398	302,514	235,918	183,492	207,960	224,278
Net investment income	**383,590**	116,654	370,538	505,764	355,019	41,598	346,833
Benefit payments, including refunds of member contributions	**(397,833)**	(407,169)	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Administrative expense	**(21,744)**	(21,642)	(22,745)	(24,405)	(10,467)	(12,317)	(10,075)
Net change in plan fiduciary net position	**296,603**	(55,759)	254,432	349,408	195,527	(72,101)	245,069
Plan fiduciary net position - beginning	**3,979,626**	4,035,385	3,780,953	3,431,545	3,236,018	3,308,119	3,063,050
Plan fiduciary net position - ending (b)	**4,276,229**	3,979,626	4,035,385	3,780,953	3,431,545	3,236,018	3,308,119
Net pension liability - ending (a) - (b)	**$ 1,795,882**	$ 1,882,385	$ 1,651,692	$ 1,758,380	$ 1,797,325	$ 1,611,939	$ 1,221,240
Plan fiduciary net position as a percentage of the total pension liability	**70.42%**	67.89%	70.96%	68.26%	65.63%	66.75%	73.04%
Covered payroll	**$ 2,433,880**	$ 2,463,798	$ 2,588,041	$ 2,680,344	$ 2,591,285	$ 2,493,731	$ 2,112,793
Net pension liability as a percentage of covered payroll	**73.79%**	76.40%	63.82%	65.60%	69.36%	64.64%	57.80%

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

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

As of and for the year ended September 30,	**2021**	#NAME?	#NAME?	#NAME?	#NAME?
Actuarially determined contribution	**$ 306,884**	$ 307,678	$ 282,583	$ 239,168	$ 200,173
Contributions in relation to the actuarially determined contributions	**313,872**	256,398	302,514	235,918	183,492
Contribution deficiency (excess)	**$ (6,988)**	$ 51,280	$ (19,931)	$ 3,250	$ 16,681
Covered payroll	**$ 2,463,798**	$ 2,588,041	$ 2,680,344	$ 2,591,285	$ 2,493,731
Contributions as a percentage of covered payroll	**12.46%**	11.89%	10.54%	9.10%	7.36%

Notes to Schedule

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

Valuation Date: The actuarially determined contribution was determined as of January 1, 2020, with an interest adjustmen year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash f the year plus the assumed investment return, adjusted by amount that the value exceeds or is less than the market of year. The actuarial value is adjusted, if necessary, to b of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.38%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%

SUPPLEMENTARY INFORMATION

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

September 30, 2021	Hotel/Motel Tax	CHIP Grant	2018 CDBG	2021 CDBG	2021 SPLOST	Total Non-major Funds
Assets						
Cash and cash equivalents	$ 9,837	$ 27	$ 70	$ -	$ 407,042	$ 416,976
Receivables:						
Intergovernmental	-	-	-	171,758	-	171,758
Hotel/Motel taxes	779	-	-		-	779
Total assets	$ 10,616	$ 27	$ 70	$ 171,758	$ 407,042	$ 589,513
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$ 1,560	$ -	$ -		$ -	$ 1,560
Ledge overdraft	-	-	-	171,758	-	171,758
Interfund payable	-	-	100		-	100
Total liabilities	1,560	-	100	171,758	-	173,418
Fund balances						
Restricted	-	27	(30)	-	407,042	407,039
Assisgned	9,056	-	-	-	-	9,056
Total fund balances	9,056	27	(30)	-	407,042	416,095
Total liabilities and fund balances	$ 10,616	$ 27	$ 70	$ 171,758	$ 407,042	$ 589,513

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

For the year ended September 30, 2021	Hotel /Motel Tax	CHIP Grant	2018 CDBG	2021 CDBG	2021 SPLOST	Total Non-major Fund
Revenues						
Hotel/motel taxes	$ 8,149	$ -	$ -	$ -	$ -	$ 8,149
Intergovernmental	-	58,220	-	171,758	407,042	637,020
Total revenues	8,149	58,220	-	171,758	407,042	645,169
Expenditures						
Current:						
Housing and development	8,681	58,300	-	171,758	-	238,739
Total expenditures	8,681	58,300	-	171,758	-	238,739
Net change in fund balances	(532)	(80)	-	-	407,042	406,430
Fund balances, beginning of year	9,588	107	(30)	-	-	9,665
Fund balances, end of year	$ 9,056	$ 27	$ (30)	$ -	$407,042	$416,095

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 7, 2025. Our report includes a reference to other auditors who audited the financial statements of the Fort Valley Utility Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, 2021-003, and 2021-004, to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2021-005.

City of Fort Valley, Georgia's Response to Findings

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

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
January 7, 2025

2021-001 Segregation of Duties (Repeat)

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action – Management agrees with the finding. In 2020, the City of Fort Valley had a lack of trained staff. In October 2022, the City Administration reviewed staffing and determined that adequate staffing was in place to segregate the financial duties. It was further determined that particular duties needed to be specifically assigned to individuals to obtain a separation of financial duties. The following changes were instituted to achieve the goals of segregation of duties. The Mayor, City Administrator, Mayor Pro-tem, and One City Councilmember are designated to sign checks. The Financial Officer is tasked with writing checks. The Payables Clerk and Department Administrative Assistants are tasked with processing invoices. Department heads are tasked with reviewing the invoices before being sent to administration for final processing. Staff is qualified and trained to perform the duties assigned and this should appropriately separate and segregate the financial duties to avoid the concentration of duties to allow one individual to improperly take advantage of the system.

2021-002 Material Audit Adjustments (Repeat)

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

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

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

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

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

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

2021-003 Reconciliation of Bank Accounts (Repeat)

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

Condition - Bank accounts were not reconciled on a timely basis and required material audit adjustments to reflect the correct amounts for the fiscal year ending September 30, 2021.

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

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

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

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

2021-004 Lack of Qualifications and Training to Prepare Year-End Financial Statements (Repeat)

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

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

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

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

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

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

2021-005 Noncompliance with Official Code of Georgia, Section 48-8-12(a)(l) (Repeat)

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

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

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

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

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

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

2019-001 and 2020-001 Segregation of Duties

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

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

Status – Unresolved – See current finding 2021-001.

2019-002 and 2020-002 Material Audit Adjustments

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

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

Status – Unresolved – See current finding 2021-002.

2019-003 and 2020-003 Recording of Receivables and Internal Activity

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

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

Status – Partially corrected. Included as part of another finding in 2021.

2019-004 and 2020-004 Reconciliation of Bank Accounts

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

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

Status – Unresolved – See current finding 2021-003.

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

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

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

Status – Unresolved – See current finding 2021-004.

2019-006 and 2020-006Noncompliance with Official Code of Georgia, Section 48-8-12(a)(l)

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

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

Status – Unresolved – See current finding 2021-005.

2019-007 and 2020-007 Fort Valley Main Street / Downtown Development Authority – Segregation of Duties

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

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

Status – Corrected.

2020-008 Inadequate Documentation Supporting Expenditures of 2015 SPLOST Fund

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

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

Status – Corrected.

City of Fort Valley, Georgia
Schedule of Projects Undertaken with Special Purpose Sales Tax Proceeds
For the Year Ended September 30, 2021

2008 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Total
Water and Sewer Projects					
Stormwater Drainage	$ 2,500,000	$ 2,500,000	$ 1,089,739	$ 75,466	$ 1,165,205
Public Safety Equipment	500,000	500,000	466,734	-	466,734
Road, Street and Bridge Purposes (a)	-	250,000	234,083	-	234,083
	$ 3,000,000	$ 3,250,000	$ 1,790,556	$ 75,466	$ 1,866,022

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

2008 Referndum - Main Street DDA	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Total
Cultural, Historical, and Recreational Facilities	$ 750,000	$ 75,000	$ 74,841	$ -	$ 74,841

2015 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Total
Roads, Streets,Bridges, and Drainage (including stormwater)	$ 1,453,000	$ 1,453,000	$ 427,639	$ 1,745	$ 429,384
Government Builidngs and Solid Waste Facilities and Equipment	1,151,000	1,151,000	358,950	485,318	844,268
Cultural, Historical, and Recreatinal Projects	651,000	651,000	483,853	1,725	485,578
Public Safety Facilities and Equipment	651,000	651,000	484,242	-	484,242
	$ 3,906,000	$ 3,906,000	$ 1,754,684	$ 488,788	$ 2,243,472