CITY OF FORT VALLEY, GEORGIA

ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2013

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City of Fort Valley, Georgia
Annual Financial Report
For The Year Ended September 30, 2013

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FINANCIAL SECTION

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

March 31, 2014

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* will be adopted in the 2014 fiscal year and was not early adopted for the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the schedule of funding progress for the city's pension plan on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

In the conduct of our audit, we verified and tested expenditures of the projects of the City of Fort Valley, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedule of the projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Butler, Williams & Hyche, LLP

Macon, Georgia

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Fort Valley, Georgia's ("the City") annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements, schedules and note disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by $7,346,637 (net assets) for the fiscal year reported.

- Total net position is comprised of the following:

  (1) Capital assets, net of related debt, of $4,724,453 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $389,211 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
  (3) Unrestricted net position of $2,232,973 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

  The City's governmental funds reported total ending fund balance of $3,332,545 this year. This compares to the prior year ending fund balance of $3,051,953 showing an increase of $280,592 during the current year.

  At the end of the current fiscal year, unassigned fund balance for the general fund was $1,944,626 or 36% of total general fund expenditures.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Supplementary Information

Combining and comparative individual statements and schedules for non-major funds are presented as supplementary information in this report beginning on page 62.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end are $7,346,637. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	$ 3,546,857	$ 3,280,886	$ (301,905)	$ 299,282	$ 3,244,952	$ 3,580,168
Capital assets	4,530,663	4,117,489	253,508	307,994	4,784,171	4,425,483
Total assets	$ 8,077,520	$ 7,398,375	$ (48,397)	$ 607,276	$ 8,029,123	$ 8,005,651
Liabilities:						
Current liabilities	$ 287,904	$ 298,748	$ 85,233	$ 679,858	$ 373,137	$ 978,606
Long-term liabilities	308,153	318,790	1,196	61,008	309,349	379,798
Total liabilities	$ 596,057	$ 617,538	$ 86,429	$ 740,866	$ 682,486	$ 1,358,404
Net position:						
Net investment in capital assets	$ 4,530,663	$ 4,117,489	$ 193,790	$ 105,913	$ 4,724,453	$ 4,223,402
Restricted-Capital Projects	389,059	462,287	-	-	389,059	462,287
Restricted-Program Purposes	152	2,013	-	-	152	2,013
Unrestricted	2,561,589	2,199,048	(328,616)	(239,503)	2,232,973	1,959,545
Total net position	$ 7,481,463	$ 6,780,837	$ (134,826)	$ (133,590)	$ 7,346,637	$ 6,647,247

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 12.3 to 1, as compared to 10.9 to 1 at September 30, 2012. The current ratio for the business-type activities at September 30, 2013 is 3.5 to 1 as compared to .44 to 1 at September 30, 2012. For the City overall, the current ratio is 8.7 to 1 as compared to 3.7 to 1 at September 30, 2012.

The City reported positive balances in net position for governmental activities and negative balances in net position for the business-type activities. Net position increased $700,626 for governmental activities and decreased by $1,236 for business-type activities. The City's overall financial position improved by $697,416 over the prior year.

Note that approximately 60.6% of the governmental activities' net position is tied up in capital. This compares to 60.7% at September 30, 2012. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent 59% of its net position on capital assets as compared to approximately 44.2% at September 30, 2012. Capital assets in the business-type activities provide sanitation services, but they also generate revenues for this fund. 64.3% of the City's total net position is included in capital assets as compared to 63.5% at September 30, 2012.

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

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenues						
Program:						
Charges for services	$ 399,607	$ 462,058	$ 1,073,367	$ 958,328	$ 1,472,974	$ 1,420,386
Operating grants	99,475	72,826	-	-	99,475	72,826
Capital grants & contributions	425,636	377,387	-	12,000	425,636	389,387
General:						
Taxes	4,577,239	4,624,546	-	-	4,577,239	4,624,546
Intergovernmental	100,000	193,586	-	-	100,000	193,586
Other	432,082	19,964	627	938	432,709	20,902
Total revenues	6,034,039	5,750,367	1,073,994	971,266	7,108,033	6,721,633
Program expenses:						
General government	643,544	642,872	-	-	643,544	642,872
Judicial	56,777	53,239	-	-	56,777	53,239
Public safety	3,072,759	2,960,145	-	-	3,072,759	2,960,145
Public works	1,030,269	956,781	-	-	1,030,269	956,781
Culture and recreation	434,220	354,533	-	-	434,220	354,533
Housing and development	95,844	95,514	-	-	95,844	95,514
Interest	-	-	-	-	-	-
Sanitation			1,075,230	923,910	1,075,230	923,910
Total expenses	5,333,413	5,063,084	1,075,230	923,910	6,408,643	5,986,994
Excess (deficiency)	700,626	687,283	(1,236)	47,356	699,390	734,639
Transfers	-	-	-	-	-	-
Net changes in net position	700,626	687,283	(1,236)	47,356	699,390	734,639
Beginning net position	6,780,837	6,093,554	(133,590)	(180,946)	6,647,247	5,912,608
Prior period adjustments	-	-	-	-	-	-
Ending net position	$ 7,481,463	$ 6,780,837	$ (134,826)	$ (133,590)	$ 7,346,637	$ 6,647,247

GOVERNMENTAL REVENUES

In total, taxes make up 75.9% of the total revenues stream. This percentage compares to 80.4% in 2012. Property taxes make up 29.6% of revenues and the local option sales taxes make up 18.8% of total revenues. These percentages compare to 28.8% and to 21.8% respectively for 2012.

Interest rates slightly increased allowing the City to earn $42,011 in interest earnings to support governmental activities as compared to $13,767 in 2012. Also, note that program revenues cover only 17.3% of governmental operating expenses. In 2012, this percentage was 18%. This means that the government's taxpayers and the City's other general governmental revenues fund 82.7% of the governmental activities as compared to 82% in 2012. As a result, the general economy and the success of City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

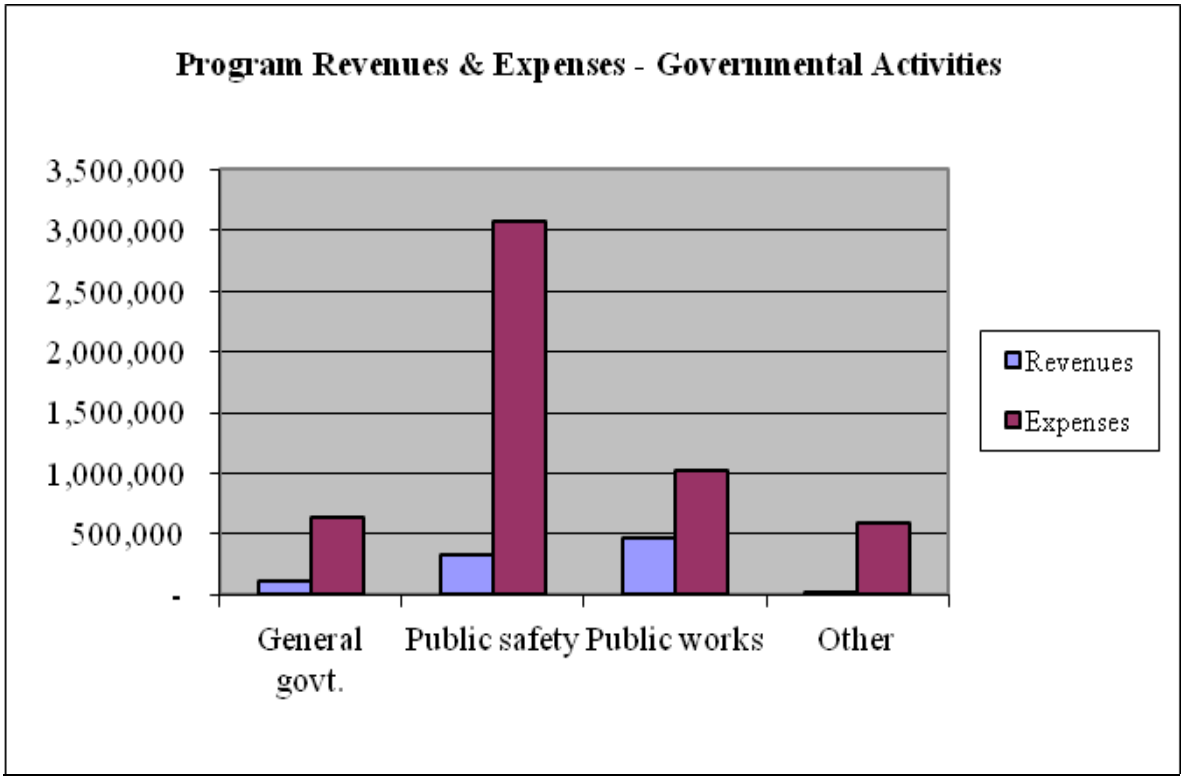
57.6% of the total costs relates to public safety. This percentage compares to 58.5% in 2012. Public Works expenses increased $73,488. This increase relates to a grant that the City has received which is now 100% complete.

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

Governmental Activities

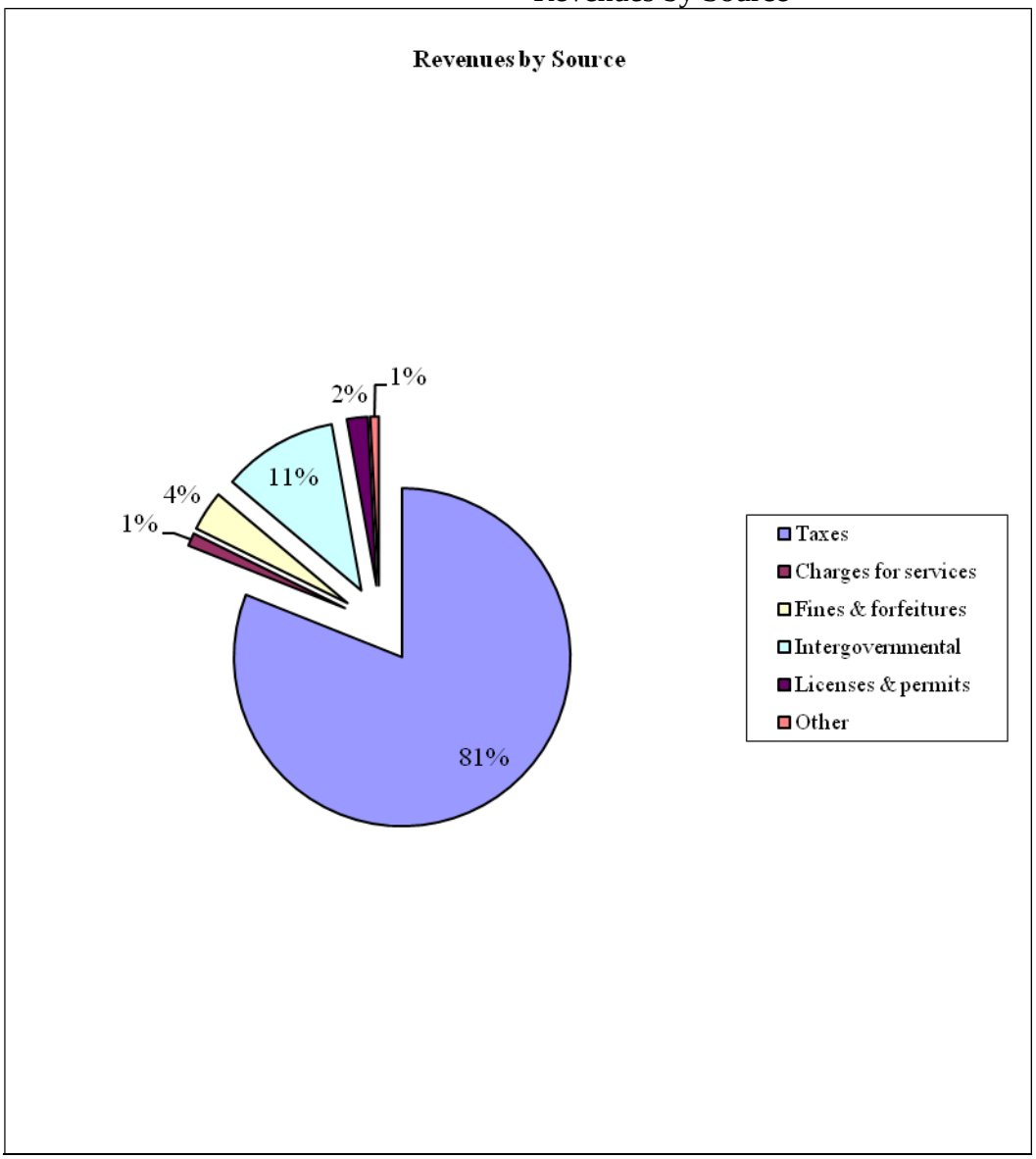
	2013		2012	
	Total Cost of Services	**Net Cost of Services**	**Total Cost of Services**	**Net Cost of Services**
General government	$ 643,544	$ 528,471	$ 642,872	$ 412,561
Judicial	56,777	56,777	53,239	53,239
Public safety	3,072,759	2,744,572	2,960,145	2,564,234
Public works	1,030,269	561,586	956,781	671,832
Culture and recreation	434,220	421,545	354,533	353,433
Housing and development	95,844	95,844	95,514	95,514
Interest	-	-	-	-
Total	$ 5,333,413	$ 4,408,795	$ 5,063,084	$ 4,150,813

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Revenues by Source



BUSINESS-TYPE ACTIVITIES

The City's only enterprise fund is the sanitation fund. The City's net position at September 30, 2013, are ($134,826), were ($133,590) at September 30, 2012, and were ($180,946) at September 30, 2011. The city continues to have extensive repairs on an aging fleet of vehicles, as well as an increase in cost of fuel and waste disposal. To help offset the cost of operations, the City increased garbage collection fees in prior years on commercial customers, continues regular repair and maintenance schedule of all vehicles and added several commercial customers as well and increased collection efforts on past due accounts.

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

Summary of Net Position

	September 30, 2013		September 30, 2012		September 30, 2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Assets:						
Current assets	$ 411,753	62%	$ 299,282	49%	$ 196,323	47%
Capital assets	253,508	38%	307,994	51%	219,524	53%
Total assets	$ 665,261	100%	$ 607,276	100%	$ 415,847	100%
Liabilities:						
Current liabilities	$ 798,891	100%	$ 679,858	92%	$ 516,771	87%
Non-current liabilities	1,196	0%	61,008	8%	80,022	13%
Total liabilities	800,087	100%	740,866	100%	596,793	100%
Net Position:						
Net investment in capital assets	193,790	-144%	105,913	-79%	126,178	-70%
Unrestricted	(328,616)	244%	(239,503)	179%	(307,124)	170%
Total net position	$ (134,826)	100%	$ (133,590)	100%	$ (180,946)	100%

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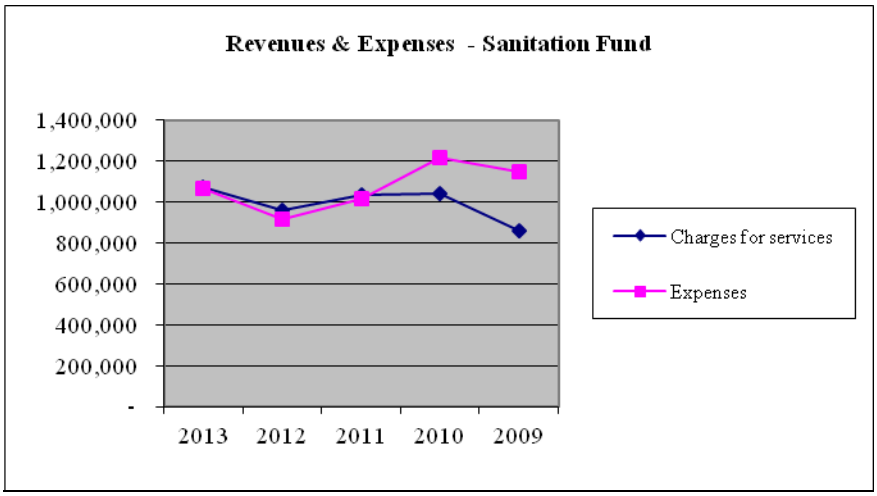
Summary of Changes in Net Position

	2013		2012		2011	
	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total
Revenues:						
Charges for services	$ 1,073,367	99.9%	$ 958,328	99.9%	$ 1,036,348	99.9%
Investment earnings	627	0.1%	938	0.1%	1,114	0.1%
Total revenues	1,073,994	100.0%	959,266	100.0%	1,037,462	100.0%
Expenses:						
Personal services	544,981	50.7%	444,389	48.1%	498,565	48.9%
Purchased services	265,069	24.7%	207,885	22.5%	192,232	18.8%
Materials and supplies	197,359	18.4%	206,523	22.4%	246,443	24.2%
Bad debt	6,303	0.6%	11,386	0.0%	19,747	0.0%
Depreciation	54,486	5.1%	46,938	5.1%	56,226	5.5%
Interest	7,032	0.7%	6,789	0.7%	6,729	0.7%
Loss on disposal of assets	-	0.0%	-	0.0%	-	0.0%
Total expenses	1,075,230	100.0%	923,910	98.8%	1,019,942	98.1%
(Deficiency)	(1,236)		35,356		17,520	
Contributions	-		12,000			
Transfers	-		-		-	
Net change	(1,236)		47,356		17,520	
Beginning net position, as restated	(133,590)		(180,946)		(198,466)	
.Ending net position	$ (134,826)		$ (133,590)		$ (180,946)	

BUSINESS-TYPE ACTIVITIES ANALYSIS

2012 Analysis - Charges for services decreased $78,020 or 7.5% from fiscal year 2011. This decrease was due to the completion of a major renovation project on the campus of Fort Valley State University. This resulted in the loss of revenue from a local contractor utilizing the City's solid waste transfer station. Total operating expenses decreased $96,092 or 9.5% and reflects the fact that less waste was transported to the landfill due to the completion of the project on campus. Personal service cost were down $54,176 or 10.9%. This was a reflection of lower health insurance cost and the reallocation of that cost among the departments. Materials and supplies decreased $39,920 or 16.2% from 2011 and reflects fewer trips to the landfill due to a lower volume of waste that needed transporting to the landfill. In fiscal year 2012, the operating loss from fiscal year 2011 decreased by $47,356. However, the beginning net assets as restated is still not able to absorb the total losses.

2013 Analysis - Charges for services increased $115,039 or 12% from fiscal year 2012. This increase was due to the increase in business from a local contractor hauling to the city's transfer station. Total operating expenses increased $151,077 or 16.4% and reflects the fact that more waste was transported to the landfill due to the contractor waste as well as increase in cost to dispose of yard debris. Personal service costs were up $100,592 or 22.6%. This was mainly due to higher health insurance cost and the reallocation of that cost among the departments. Materials and supplies experienced a small decrease of $9,164 or 4.43%. In fiscal year 2013, the operating loss from fiscal year 2012 decreased by $36,038. However, the beginning net assets as restated is still not able to absorb the total losses.



Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of $3,332,545 as compared to $3,051,953 at September 30, 2012. Of the City's $3,332,545 fund balance, $48,750 is restricted for Parks and playgrounds, $85,265 is restricted for Public Safety Technology and $389,059 is restricted for SPLOST capital projects. $913,443 is assigned for Contingencies.

The total ending fund balances of governmental funds show an increase of $280,592 or 9.2% increase over the prior year.

Major Governmental Funds

General Fund - The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance increased by $355,681 or 13.7%. In fiscal year 2012, the fund balance increased $467,401.

Total revenues decreased $105,917 or 1.9% in 2013. Total taxes decreased $52,328 or 1.1%. Property taxes in 2013 we up $73,239 or 4.8% compared to 2012. The local option sales taxes decreased $76,960 or 6.3%.

Expenditures in total increased $446,089 or 9%. Public safety function was up $236,099 or 8.2%. This increase relates mostly to the purchase of new patrol cars. Public Works was up $138,532 or 16.4% due to grant funds received for special projects.

SPLOST 2004 Capital Projects Fund – In 2004, the citizens authorized the County, through referendum, to levy a 1% special purpose local option sales tax. The City received 8.17% of the total County collections. The purpose of the City's share of the taxes is drainage. In fiscal year 2013, the City did not receive any additional proceeds from the County due the expiration of the tax. There was $200,467 of these taxes expended on drainage at various sites throughout the City during 2013.

SPLOST 2008 Capital Projects Fund - In 2008, the citizens authorized the County through referendum, to levy a 1% special purpose local option sales tax. The City will receive 12.5% of the proceeds until total collections reach the estimated amount of $24,000,000. If collections from the Special Sales Tax exceed the estimated amount of $24,000,000, then the city shall receive 25% of the special sales tax. In fiscal year 2013, the City received $356,117 in tax proceeds. A total of $229,386 was expended on public safety equipment.

Budgetary Highlights

The General Fund – During the fiscal year ended September 30, 2013, the City Council adopted amendments to the budget. The final budget represents increases in revenues and expenditures to mostly account for funds used to purchase public safety equipment and to do street improvements. It was required to adjust some departments mainly due to the manner in which the City Council allocates funds for Health Insurance. All of the funds for Health Insurance are allocated in a separate department and then the departmental operating budgets are increased and the Health Insurance budget is decreased based on actual expenditures. The health insurance costs are allocated based on the number of employees in the department. The Health Insurance original budget was $546,119. This total amount was reallocated to the departments.

Budgeted revenues were amended in Insurance premium tax category to account for funds received from this tax. The budgeted amounts for the Selective Taxes and Court fines were not met. However, the city exceeded budgeted amounts in the Real and Personal Property Taxes, Licenses and Permits, Charges for Services, Miscellaneous and Intergovernmental categories. Actual revenues came in over budgeted revenues by $57,738.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2013, was $4,530,663 and $193,790 respectively. The decrease in this net investment was .8% for governmental activities and a 24.5% decrease for business-type activities. The overall decrease was 1.80% for the City as a whole. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

(This page continued on the subsequent page.)

The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets						
Land	$690,882	$ 732,615	$ -	$ -	$690,882	$ 732,615
Construction in progress	-	-	-	-	-	-
Total non-depreciable assets	690,882	732,615	-	-	690,882	732,615
Depreciable assets:						
Buildings	2,004,267	1,966,771	-	-	2,004,267	1,966,771
Infrastructure	1,297,219	1,025,854			1,297,219	1,025,854
Improvements	459,194	406,979	-	-	459,194	406,979
Machinery and equipment	3,330,851	3,153,622	1,347,730	1,347,730	4,678,581	4,501,352
Total depreciable assets	7,091,531	6,553,226	1,347,730	1,347,730	8,439,261	7,900,956
Less accumulated depreciation	3,251,750	3,168,352	1,094,222	1,039,736	4,345,972	4,208,088
Book value – depreciable assets	3,839,781	3,384,874	253,508	307,994	4,093,289	3,692,868
Percentage depreciated	54%	51%	81%	77%	52%	53%
Book value – all assets	$4,530,663	$4,117,489	$ 253,508	$ 307,994	$4,784,171	$4,425,483

At September 30, 2013, the depreciable capital assets for governmental activities were 54% depreciated. The percentage at September 30, 2012 was 51%. This comparison indicates that the City is replacing its assets at almost the same rate as they are depreciating, which is a positive indicator.

With the City's business-type activities, 81% of the asset values were depreciated at September 30, 2013 compared to 77% at September 30, 2012.

Long-term Debt

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Capital leases	$ -	$ -	$ 59,718	$ 202,081	$ 59,718	$ 202,081
Employer funded death benefit	218,207	233,459	-	-	218,207	233,459
Compensated absences	163,538	155,146	7,971	8,601	171,509	163,747
Total	$ 381,745	$ 388,605	$ 67,689	$ 210,682	$ 449,434	$ 599,287

During fiscal year 2013, the City Governmental Activities had no capital leases. The Sanitation Fund acquired a lease in 2009 and made a payment in 2013.

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

Economic Conditions Affecting the City

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

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

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

Contacting the City's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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City of Fort Valley, Georgia
Statement of Net Position
September 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current Assets:				
Cash and cash equivalents (Note 3A)	$ 2,060,695	$ 200,742	$ 2,261,437	$ 288,259
Investments (Note 3A)	-	-	-	9,188,923
Receivables:				
Accounts	88,242	51,152	139,394	2,338,137
Taxes	338,701	-	338,701	-
Intergovernmental	345,561	159,859	505,420	1,638
Interest	-	-	-	903
Internal	713,658	(713,658)	-	-
Inventory	-	-	-	646,139
Prepaid items	-	-	-	105,974
Non-current Assets:				
Restricted assets	-	-	-	2,558,901
Capital assets: (Note 3D)				
Non-depreciable capital assets	690,882	-	690,882	1,141,720
Depreciable capital assets, net	3,839,781	253,508	4,093,289	28,377,452
Total Assets	8,077,520	(48,397)	8,029,123	44,648,046
Liabilities:				
Current Liabilities:				
Accounts payable	103,835	16,389	120,224	1,121,805
Accrued expenses	1,732	-	1,732	74,928
Intergovernmental payable	19,727	-	19,727	164,165
Sales taxes payable	-	-	-	111,713
Unearned revenue	89,018	-	89,018	7,840
Accrued interest	-	2,351	2,351	-
Compensated absences payable	73,592	6,775	80,367	153,621
Construction loan payable	-	-	-	289,853
Notes payable	-	-	-	427,034
Capital leases payable	-	59,718	59,718	-
Long-term Liabilities: (Note 3F)				
Customer deposits	-	-	-	451,935
Compensated absences payable (net of current portion)	89,946	1,196	91,142	77,041
Accrued death benefits payable	218,207	-	218,207	-
Notes payable (net of current portion)	-	-	-	2,779,142
Total Liabilities	596,057	86,429	682,486	5,659,077
Net Position:				
Net investment in capital assets (Note 3H)	4,530,663	193,790	4,724,453	26,023,143
Restricted for:				
Capital projects	389,059	-	389,059	-
Program purposes	152	-	152	-
New electric generation	-	-	-	800,892
Restricted for pledged collateral - construction loan	-	-	-	1,758,009
Unrestricted	2,561,589	(328,616)	2,232,973	10,406,925
Total Net Position	$ 7,481,463	$ (134,826)	$ 7,346,637	$ 38,988,969

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Activities
For the Year Ended September 30, 2013

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	$ 643,544	$ 115,073	$ -	$ -
Judicial	56,777	-	-	-
Public safety	3,072,759	228,659	99,475	53
Public works	1,030,269	43,200	-	425,583
Culture and recreation	434,220	12,675	-	-
Housing and development	95,844	-	-	-
Total Governmental Activities	5,333,413	399,607	99,475	425,636
Business-type Activities				
Sanitation	1,075,230	1,073,367	-	-
Total Primary Government	$ 6,408,643	$ 1,472,974	$ 99,475	$ 425,636
Component Units				
Fort Valley Utility Commission	20,429,609	20,185,213	-	31,620
Main Street/Downtown Development Authority	201,457	72,053	95,000	-
Total Component Units	$ 20,631,066	$ 20,257,266	$ 95,000	$ 31,620
General Revenues				
Property taxes levied for general government purposes				
Alcoholic beverage tax				
Local option sales tax				
Insurance premium tax				
Franchise tax				
Hotel/motel tax				
Unrestricted intergovernmental				
Investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Total General Revenues				
Transfers in/(out)				
Total General Revenues and Transfers				
Change in Net Position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (528,471)	$ -	$ (528,471)	$ -
(56,777)	-	(56,777)	-
(2,744,572)	-	(2,744,572)	-
(561,486)	-	(561,486)	-
(421,545)	-	(421,545)	-
(95,844)	-	(95,844)	-
(4,408,695)	-	(4,408,695)	-
-	(1,863)	(1,863)	-
(4,408,695)	(1,863)	(4,410,558)	-
-	-	-	(212,776)
-	-	-	(34,404)
-	-	-	(247,180)
1,783,295	-	1,783,295	-
142,476	-	142,476	-
1,135,280	-	1,135,280	-
488,984	-	488,984	-
1,003,020	-	1,003,020	-
24,184	-	24,184	-
100,000	-	100,000	-
3,979	627	4,606	13,961
42,011	-	42,011	1,082,290
386,092	-	386,092	-
5,109,321	627	5,109,948	1,096,251
-	-	-	-
5,109,321	627	5,109,948	1,096,251
700,626	(1,236)	699,390	849,071
6,780,837	(133,590)	6,647,247	38,139,898
$ 7,481,463	$ (134,826)	$ 7,346,637	$ 38,988,969

City of Fort Valley, Georgia
Balance Sheet
Governmental Funds
September 30, 2013

	General	2004 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 1,692,694	$ 241,065	$ 126,936	$ 2,060,695
Receivables:				
Accounts	88,242	-	-	88,242
Taxes	332,507	-	6,194	338,701
Intergovernmental	282,629	-	62,932	345,561
Interfund	755,380	-	-	755,380
Total Assets	$ 3,151,452	$ 241,065	$ 196,062	$ 3,588,579
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 97,641	$ -	$ 6,194	$ 103,835
Accrued expenditures	1,732	-	-	1,732
Intergovernmental payable	19,727	-	-	19,727
Interfund payable	-	41,722	-	41,722
Deferred revenue	89,018	-	-	89,018
Total Liabilities	208,118	41,722	6,194	256,034
Fund Balances:				
Restricted for:				
Parks and playgrounds	-	-	-	-
Public safety technology	85,265	-	-	85,265
SPLOST capital projects	-	199,343	189,716	389,059
Assigned for:				
Contingencies	913,443	-	-	913,443
Other	-	-	152	152
Unassigned	1,944,626	-	-	1,944,626
Total Fund Balances	2,943,334	199,343	189,868	3,332,545
Total Liabilities and Fund Balances	$ 3,151,452	$ 241,065	$ 196,062	$ 3,588,579

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2013

Total Governmental Fund Balances		$ 3,332,545
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 7,782,413	
Less accumulated depreciation	(3,251,750)	4,530,663
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	$ (41,722)	
Interfund payables	41,722	-
Liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	$ (163,538)	
Accrued death benefits	(218,207)	(381,745)
Net Position of Governmental Activities		$ 7,481,463

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General	2004 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 4,553,056	$ -	$ 24,184	$ 4,577,240
Licenses and permits	112,553	-	-	112,553
Intergovernmental	268,486	-	356,117	624,603
Charges for services	70,126	-	-	70,126
Fines and forfeitures	216,928	-	-	216,928
Investment earnings	3,979	455	53	4,487
Contributions	-	-	-	-
Miscellaneous	42,011	-	-	42,011
Total Revenues	5,267,139	455	380,354	5,647,948
Expenditures:				
Current:				
General government	689,733	-	-	689,733
Judicial	57,498	-	-	57,498
Public safety	3,091,341	-	-	3,091,341
Public works	981,642	-	-	981,642
Culture and recreation	461,015	-	-	461,015
Housing and development	82,454	-	13,391	95,845
Capital Outlay	-	200,467	229,386	429,853
Total Expenditures	5,363,683	200,467	242,777	5,806,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,544)	(200,012)	137,577	(158,979)
Other Financing Sources (Uses):				
Sale of capital assets	439,571	-	-	439,571
Transfers in	12,654	-	-	12,654
Transfers out	-	-	(12,654)	(12,654)
Total Other Financing Sources (Uses)	452,225	-	(12,654)	439,571
Net Change in Fund Balances	355,681	(200,012)	124,923	280,592
Fund Balances, Beginning of Year	2,587,653	399,355	64,945	3,051,953
Fund Balances, End of Year	$ 2,943,334	$ 199,343	$ 189,868	$ 3,332,545

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia

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

For the Year Ended September 30, 2013

Net Changes in Fund Balances - Total Governmental Funds		$ 280,592
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	$ (219,646)	
Capital outlay	686,298	$ 466,652
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.		
Sale of land	(41,733)	
Loss on Capital Asset Disposals	(11,745)	(53,478)
Accrued death benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 9/30/12	$ 233,459	
Liability @ 9/30/13	(218,207)	15,252
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 9/30/12	$ 155,146	
Liability @ 9/30/13	(163,538)	(8,392)
Change in Net Position of Governmental Activities		$ 700,626

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 4,527,765	$ 4,576,665	$ 4,553,056	$ (23,609)
Licenses and permits	103,000	103,000	112,553	9,553
Intergovernmental	144,000	213,011	268,486	55,475
Charges for services	44,725	44,725	70,126	25,401
Fines and forfeitures	245,000	245,000	216,928	(28,072)
Investment earnings	15,000	15,000	3,979	(11,021)
Contributions	-	-	-	-
Miscellaneous	12,000	12,000	42,011	30,011
Total Revenues	5,091,490	5,209,401	5,267,139	57,738
Expenditures:				
Current:				
General government	603,182	692,124	689,733	(2,391)
Judicial	45,998	57,498	57,498	-
Public safety	2,553,985	3,091,353	3,091,341	(12)
Public works	710,932	981,651	981,642	(9)
Culture and recreation	307,298	461,027	461,015	(12)
Housing and development	91,315	91,315	82,454	(8,861)
Health insurance	546,119	-	-	-
Debt Service:				
Principal retirement	14,273	14,273	-	(14,273)
Interest and fiscal charges	8,293	8,293	-	(8,293)
Total Expenditures	4,881,395	5,397,534	5,363,683	(33,851)
Excess (Deficiency) of Revenues Over (Under) Expenditures	210,095	(188,133)	(96,544)	91,589
Other Financing Sources:				
Sale of capital assets	-	428,000	439,571	11,571
Transfers in	12,000	12,000	12,654	654
Total Other Financing Sources	12,000	440,000	452,225	12,225
Net Change in Fund Balances	222,095	251,867	355,681	103,814
Fund Balances, Beginning of Year	2,587,653	2,587,653	2,587,653	-
Fund Balances, End of Year	$ 2,809,748	$ 2,839,520	$ 2,943,334	$ 103,814

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Net Position
Proprietary Fund - Sanitation Fund
September 30, 2013 and 2012

Assets:	**2013**	**2012**
Current Assets:		
Cash and cash equivalents	$ 200,742	$ 88,530
Receivables:		
Accounts	51,152	59,491
Intergovernmental	159,859	151,261
Total Current Assets	411,753	299,282
Non-current Assets:		
Capital Assets:		
Depreciable capital assets, net	253,508	307,994
Total Assets	665,261	607,276
Liabilities:		
Current Liabilities:		
Accounts payable	16,389	21,201
Accrued expenses	-	6,122
Interfund payable	713,658	499,826
Accrued interest	2,351	3,035
Compensated absences payable	6,775	7,311
Capital leases payable	59,718	142,363
Total Current Liabilities	798,891	679,858
Long-term Liabilities:		
Capital leases payable (net of current portion)	-	59,718
Compensated absences payable (net of current portion)	1,196	1,290
Total Long-term Liabilities	1,196	61,008
Total Liabilities	800,087	740,866
Net Position:		
Net investment in capital assets	193,790	105,913
Unrestricted	(328,616)	(239,503)
Total Net Position	$ (134,826)	$ (133,590)

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund - Sanitation Fund
For the Years Ended September 30, 2013 and 2012

	2013	2012
Operating Revenues:		
Charges for services	$ 1,073,367	$ 958,328
Operating Expenses:		
Personal services	544,981	444,389
Purchased services	265,069	207,885
Materials and supplies	197,359	206,523
Bad Debt	6,303	11,386
Depreciation	54,486	46,938
Total Operating Expenses	1,068,198	917,121
Operating (Loss)	5,169	41,207
Non-operating Revenues (Expenses):		
Interest and fiscal charges	(7,032)	(6,789)
Investment earnings	627	938
Total Non-operating Revenues	(6,405)	(5,851)
Income (Loss) before Contributions	(1,236)	35,356
Contributions	-	12,000
Change in Net Position	(1,236)	47,356
Net Position, Beginning of Year	(133,590)	(180,946)
Net Position, End of Year	$ (134,826)	$ (133,590)

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Cash Flows
Proprietary Fund - Sanitation Fund
For the Years Ended September 30, 2013 and 2012

	2013	2012
Increase in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from customers	$ 1,066,805	$ 928,037
Cash payments to employees for services	(551,733)	(446,880)
Cash payments for goods and services	(467,240)	(428,593)
Net Cash Provided by (Used in) Operating Activities	47,832	52,564
Cash Flows from Non-capital Financing Activities:		
Interfund payable	213,832	52,655
Net Cash Provided by (Used in) Non-capital Financing Activities	213,832	52,655
Cash Flows from Capital and Related Financing Activities:		
Principal paid on notes	(142,363)	108,735
Interest paid on notes	(7,716)	(7,430)
Payments for capital acquisitions	-	(135,408)
Capital contributions	-	12,000
Net Cash (Used in) Capital and Related Financing Activities	(150,079)	(22,103)
Cash Flows from Investing Activities:		
Investment earnings	627	938
Net Increase (Decrease) in Cash and Cash Equivalents	112,212	84,054
Cash and Cash Equivalents, Beginning of Year	88,530	4,476
Cash and Cash Equivalents, End of Year	$ 200,742	$ 88,530
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (Loss)	$ 5,169	$ 41,207
Adjustments:		
Depreciation	54,486	46,938
(Increase) Decrease in Assets:		
Accounts receivable	8,339	(15,377)
Intergovernmental receivable	(8,598)	(3,528)
Increase (Decrease) in Liabilities:		
Accounts payable	(4,812)	(14,185)
Accrued expenses	(6,122)	1,661
Compensated absences payable	(630)	(4,152)
Net Cash Provided by (Used in) Operating Activities	$ 47,832	$ 52,564

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Fiduciary Net Position
Fiduciary Fund - Library Endowment Trust Fund
September 30, 2013 and 2012

	2013	2012
Assets:		
Cash and cash equivalents	$ 35,900	$ 35,960
Interest receivable	-	-
Total Assets	$ 35,900	$ 35,960
Net Position:		
Held in trust for library purposes	$ 35,900	$ 35,960

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Library Endowment Trust Fund
For the Years Ended September 30, 2013 and 2012

	2013	2012
Additions:		
Investment earnings	$ 148	$ 296
Deductions:		
Culture and recreation	208	437
Change in Net Position	(60)	(141)
Net Position, Beginning of Year	35,960	36,101
Net Position, End of Year	$ 35,900	$ 35,960

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Combining Statement of Net Position
Component Units
September 30, 2013

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Assets:			
Cash and cash equivalents (Note 3-A)	$ 29,080	$ 259,179	$ 288,259
Investments (Note 3-A):	-	9,188,923	9,188,923
Receivables:			
Accounts (net of allowance for uncollectibles):	4,910	2,333,227	2,338,137
Intergovernmental	1,638	-	1,638
Interest	-	903	903
Inventory (Note 1-E-4)	-	646,139	646,139
Prepaid expenses (Note 1-E-5)	-	105,974	105,974
Total Current Assets	35,628	12,534,345	12,569,973
Non-current Assets:			
Restricted assets (Note 1-E-6)	-	2,558,901	2,558,901
Capital assets: (Note 3-D)			
Non-depreciable	570,142	571,578	1,141,720
Depreciable, net	1,527,384	26,850,068	28,377,452
Total Non-current Assets	2,097,526	29,980,547	32,078,073
Total Assets	2,133,154	42,514,892	44,648,046
Liabilities:			
Current Liabilities:			
Accounts payable	2,725	1,119,080	1,121,805
Accrued payroll	-	66,819	66,819
Payroll deductions payable	-	8,109	8,109
Sales taxes payable	-	111,713	111,713
Intergovernmental payable	5,610	158,555	164,165
Unearned revenue	7,840	-	7,840
Compensated absences payable	-	153,621	153,621
Construction loan payable (Note 3-J)	-	289,853	289,853
Notes payable (Note 3-F)	156,987	270,047	427,034
Total Current Liabilities	173,162	2,177,797	2,350,959
Non-current Liabilities:			
Customer deposits payable from restricted assets	-	451,935	451,935
Compensated absences payable (net of current portion)	-	77,041	77,041
Notes payable (net of current portion) (Note 3-F)	84,825	2,694,317	2,779,142
Total Non-current Liabilities	84,825	3,223,293	3,308,118
Total Liabilities	257,987	5,401,090	5,659,077
Net Position:			
Net investment in capital assets	1,855,714	24,167,429	26,023,143
Restricted for new electric generation	-	800,892	800,892
Restricted for pledged collateral - construction loan (Note 1-E-6)	-	1,758,009	1,758,009
Unrestricted	19,453	10,387,472	10,406,925
Total Net Position	$ 1,875,167	$ 37,113,802	$ 38,988,969

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Combining Statement of Activities
Component Units
For the Year Ended September 30, 2013

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Expenses:			
General government	$ 201,457	$ -	$ 201,457
Utilities	-	20,429,609	20,429,609
Total Expenses	201,457	20,429,609	20,631,066
Revenues:			
Program:			
Charges for services	72,053	20,185,213	20,257,266
Operating grants and contributions	95,000	-	95,000
Capital grants and contributions	-	31,620	31,620
Total Program Revenues	167,053	20,216,833	20,383,886
Net Program (Expense) Revenue	(34,404)	(212,776)	(247,180)
General Revenues:			
Investment earnings	-	13,961	13,961
Miscellaneous	283	1,082,007	1,082,290
Total General Revenues	283	1,095,968	1,096,251
Change in Net Position	(34,121)	883,192	849,071
Net Position, Beginning of Year	1,909,288	36,230,610	38,139,898
Net Position, End of Year	$ 1,875,167	$ 37,113,802	$ 38,988,969

See accompanying notes to the basic financial statements.

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

Note 1 - Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

Brief descriptions of the discretely presented component units follow:

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

1-B. Basis of Presentation

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

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

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

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

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

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

SPLOST *Capital Projects Fund* – The 2004 SPLOST capital project fund is used to account for all financial resources obtained by the 2004 levy of a one percent special purpose local option sales tax and related expenditures.

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

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

1-C. Measurement Focus

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

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

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

1-D. Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

1-E. Assets, Liabilities and Fund Equity

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

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

Investments are stated at fair value based on quoted market prices.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

1-E-2. Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at September 30, 2013.

1-E-3. Interfund Balances

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

1-E-4. Consumable Inventories (Utility Commission)

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

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

Payments made to vendors for services (i.e. prepaid insurance) that will benefit periods beyond September 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

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

Restricted assets consist of the new generation and capacity funding account ($800,892) and a construction loan certificate of deposit pledged as collateral ($1,758,009).

1-E-7. Capital Assets

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

City of Fort Valley/Main Street

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

Asset Class	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

Fort Valley Utility Commission

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

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

1-E-8. Compensated Absences

Vacation benefits, comp time and holiday time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary funds report the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due*."

1-E-9. Accrued Liabilities and Long-term Obligations

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

1-E-10. Fund Equity

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

Fund Balance –The City implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not spendable in form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- Committed – Fund balances are reported as committed when they can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or City's finance director to assign fund balances.

- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

1-E-11. Operating Revenues and Expenses

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

1-E-12. Interfund Activity

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

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

1-E-13. Estimates

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

1-E-14. Comparative Data

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

1-E-15. New Accounting Standard

The City has adopted GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Adoption has primarily changed certain wording and titles of statements in the report related to net position. GASB No. 65, *Items Previously Reported as Assets and Liabilities*, will be adopted in the 2014 fiscal year and was not early adopted for these financial statements.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

Note 2 – Stewardship, Compliance and Accountability

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

All unexpended annual appropriations lapse at year-end.

2-B. Fund Balance/Net Position Deficit

The following fund reported equity deficits: Sanitation Fund - $134,826

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits

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

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

City Deposits **-** The City's bank balances of deposits as of September 30, 2013 were entirely insured or collateralized with securities held by the City's agent in the City's name. At September 30, 2013, the bank balances were $2,515,202 and the carrying amount was $2,297,338. The City has not adopted formal cash policies.

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

At September 30, 2013, 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 2010 Senate Bill 296 and administered under the direction of the Georgia Office of Treasury and Fiscal Services. At September 30, 2013, the bank balances were $550,685 and the carrying amount was $256,169.

Main Street/DDA – Deposits – At September 30, 2013, all of the Main Street/DDA's bank balances were entirely FDIC insured. At September 30, 2013, the bank balances were $29,102 and the carrying amount was $29,080.

Investments

Fort Valley Utility Commission

At September 30, 2013, 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	$ 1,758,009	$ -	$ -	$ 1,758,009
Money Market Account	542,241			
Municipal Competitive Trust	9,447,574			
Total	$ 11,747,824			

Note 3 - Detailed Notes on All Funds (continued)

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 investment policies require the Utility Commission to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Utility Commission's investments may not be recovered. The investment policies require securities to be held by an independent third-party custodian selected by the Utility Commission as evidenced by safekeeping receipts in the Utility Commission's name. At September 30, 2013, all investments were entirely insured or collateralized with securities held by the Utility Commission's agent in the Utility Commission's name.

Concentration 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 **Note 3 -**

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, 2013:

Bank:	Amount	% of Total
CB&T Bank of Middle Georgia	1,758,009	100%

3-B. Receivables

Receivables at September 30, 2013, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

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

3-C. Property Taxes

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

(This section intentionally left blank)

Note 3 - Detailed Notes on All Funds (continued)

3-D. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance 10/1/2012	Additions	Deductions	Balance 9/30/13
Governmental activities:				
Non-depreciable capital assets:				
Land	$ 732,615	$ -	$ 41,733	$ 690,882
Total non-depreciable capital assets	732,615	-	41,733	690,882
Depreciable capital assets:				
Buildings	1,966,771	37,496	-	2,004,267
Infrastructure	1,025,854	271,365	-	1,297,219
Improvements	406,979	52,215	-	459,194
Machinery and equipment	3,153,622	325,222	147,993	3,330,851
Total depreciable capital assets	6,553,226	686,298	147,993	7,091,531
Total capital assets	7,285,841	686,298	189,726	7,782,413
Accumulated depreciation:				
Buildings	343,087	15,728	-	358,815
Infrastructure	69,325	52,181	-	121,506
Improvements	148,049	17,343	-	165,392
Machinery and equipment	2,607,891	134,394	136,248	2,606,037
Total accumulated depreciation	3,168,352	219,646	136,248	3,251,750
Governmental activities capital assets, net	$ 4,117,489	$ 466,652	$ 53,478	$ 4,530,663

Governmental activities depreciation expense:

General government	$ 2,140
Public safety	74,795
Public works	118,042
Culture and recreation	24,669
Total governmental activities depreciation expense	$ 219,646

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for business-type activities for the year ended September 30, 2013, was as follows:

	Balance 10/01/2012	Additions	Deletions	Balance 9/30/13
Business-type activities:				
Depreciable capital assets:				
Machinery and equipment	$ 1,347,730	$ -	$ -	$ 1,347,730
Accumulated depreciation:				
Machinery and equipment	1,039,736	54,486	-	1,094,222
Capital assets - net	$ 307,994	$ (54,486)	$ -	$ 253,508

Capital asset activity for Main Street/DDA component unit for the year ended September 30, 2013, was as follows:

	Balance 10/01/12	Additions	Deductions	Balance 09/30/2013
Main Street/DDA:				
Capital assets not being depreciated:				
Land	$ 366,135	$ -	$ -	$ 366,135
Construction in progress	204,007	-	-	204,007
Total capital assets not being depreciated	570,142	-	-	570,142
Depreciable capital assets:				
Buildings	1,836,901	7,920	-	1,844,821
Improvements	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total depreciable capital assets	1,863,640	7,920	-	1,871,560
Total capital assets	2,433,782	7,920	-	2,441,702
Accumulated depreciation:				
Buildings	257,409	67,347	-	324,756
Improvements	7,320	610	-	7,930
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	276,219	67,957	-	344,176
Main Street/DDA capital assets, net	$ 2,157,563	$ (60,037)	$ -	$ 2,097,526

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for the Utility Commission component unit for the year ended September 30, 2013, was as follows:

	Balance 10/01/2012	Additions	Deductions	Balance 09/30/2013
Utility Commission component unit				
Non-depreciable capital assets:				
Land	$ 100,830	$ 32,931	$ -	$ 133,761
Construction in progress	185,487	253,011	680	437,817
Total non-depreciable capital assets	286,317	285,942	680	571,578
Depreciable capital assets:				
Building	335,744	-	-	335,744
Distribution system	43,352,387	407,951	131,266	43,629,073
Machinery and equipment	3,616,674	232,273	92,840	3,756,107
Intangibles	277,484	-	-	277,484
Total depreciable capital assets	47,582,289	640,224	224,106	47,998,408
Total capital assets	47,868,606	926,166	224,786	48,569,986
Accumulated depreciation:				
Building	226,868	4,475	-	231,343
Distribution system	17,131,060	894,675	58,305	17,967,430
Machinery and equipment	2,644,090	175,729	91,730	2,728,089
Intangibles	194,670	26,808	-	221,478
Total accumulated depreciation	20,196,688	1,101,687	150,035	21,148,340
Utility Commission capital assets, net	$ 27,671,918	$ (175,521)	$ 74,751	$ 27,421,646

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2013, 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.

	Payable from:		
Payable to:	2004 SPLOST Funds	Sanitation Fund	Total
General fund	$ 41,722	$ 713,658	$ 755,380
Total	$ 41,722	$ 713,658	$ 755,380

Note 3 - Detailed Notes on All Funds (continued)

Interfund transfers for the year ended September 30, 2013, consisted of the following:

	Transfer From:	
Transfer to:	**Non-major Governmental Funds**	**Total**
General fund	$ 12,654	$ 12,654
Total	$ 12,654	$ 12,654

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

3-F. Long-term Debt

Utility Commission Operating Leases – The Utility Commission has four operating leases outstanding at the end of 2013.

The Utility Commission entered into an operating lease for a mailing system and a utility bill invoice stuffer in October of 2009. The lease is for 60 months at a rate of $1,494 per calendar quarter. The following payments are due to the lessor on an annual basis for the term of the lease:

Fiscal Year	Amount
2014	5,976
Total	$ 5,976

The Utility Commission entered into an operating lease for a document feeder, printer and cabinet in October of 2010. The lease is for 36 months at a rate of $90 per month. The following payments are due to the lessor on an annual basis for the term of the lease:

Fiscal Year	Amount
2014	90
Total	$ 90

Note 3 - Detailed Notes on All Funds (continued)

The Utility Commission entered into an operating lease for a copy machine in January 2009. The lease is for 60 months at a rate of $165 per month. The following payments are due to the lessor on an annual basis for the term of the lease.

Fiscal Year	Amount
2014	495
Total	$ 495

The Utility Commission entered into an operating lease for a copy machine in November 2009. The lease is for 60 months at a rate of $268 per month. The following payments are due to the lessor on an annual basis for the term of the lease.

Fiscal Year	Amount
2014	3,216
2015	268
Total	$ 3,484

City Governmental Activities' Capital Leases – At September 30, 2013, the City had no capital leases for capital assets belonging to governmental activities.

City Business-type Activities' Capital Leases – The City is obligated under one capital lease.

The City is obligated under a capital lease for a dozer purchased in the sanitation fund in February of 2009. The original cost of the dozer was $122,856. The following is a schedule of the future minimum lease payments for the dozer:

Year	Principal	Interest	Total
2014	59,718	4,031	63,749
Total	$ 59,718	$ 4,031	$ 63,749

Main Street/DDA Notes Payable – On November 2, 2009, Main Street/Downtown Development Authority borrowed $180,250 from SunMark Community Bank to pay for expenditures related to the renovation of a former high school to become the location for a future business school. One payment of interest and principal was due on November 2, 2010. The interest rate on the loan was 4.15%. Main Street/Downtown Development Authority obtained a loan renewal on November 11, 2010 by paying interest only. The loan renewal extended the maturity until May 2, 2011 with interest set at 5%. On May 2, 2011, Main Street/Downtown Development Authority again obtained a loan renewal by paying interest only. This loan renewal extended the maturity to May 2, 2014 with interest set at 5%. Semi-annual payments of $11,588.01 are to be made in May and November of each year with the balance due at maturity.

Note 3 - Detailed Notes on All Funds (continued)

Year	Principal	Interest	Total
2014	150,973	7,452	158,425
Total	$ 150,973	$ 7,452	$ 158,425

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

Year	Principal	Interest	Total
2014	3,554	1,743	5,297
2015	3,708	1,589	5,297
2016	3,869	1,428	5,297
2017	4,037	1,261	5,298
2018	4,212	1,086	5,298
2019	23,249	82	23,331
Total	$ 42,629	$ 7,189	$ 49,818

On November 21, 2008, Main Street/DDA borrowed $51,937 from SunMark Community Bank to pay off an earlier line of credit from CB&T Bank that was used to provide renovations to the Austin Theater. Payments of $400 were due monthly until October 21, 2011, when the remaining principal of the loan became due. The interest rate on the loan was 5%. On October 21, 2011, Main Street/Downtown Development Authority obtained a loan renewal with SunMark Community Bank that kept the monthly payment at $400 and the interest rate at 5% but extended the maturity until September 20, 2014. On September 4, 2012, Main Street/Downtown Development Authority obtained a line of credit from SunMark Community Bank that was used to replace the Austin Theater roof. The $8,085.08 drawn on the line of credit was combined into the original loan and then renewed. The loan renewal with SunMark Community Bank kept the monthly payment at $400 and interest rate at 5% but extended the maturity date to August 4, 2015. The schedule below reflects the September 4, 2012 loan renewal.

Year	Principal	Interest	Total
2014	2,460	2,340	4,800
2015	45,449	2,034	47,483
Total	$ 47,909	$ 4,374	$ 52,283

Utility Commission Notes Payable – At September 30, 2013, the Utility Commission has three loans outstanding with the Georgia Environmental Finance Authority (GEFA), two with the Georgia Environmental Loan Acquisition Corporation (GELAC) and one capital lease with Polytec, Inc. In fiscal year 2011, GEFA transferred proceeds from the sale of a portion of its loan portfolio to GELAC, which is a wholly-owned nonprofit subsidiary corporation of GEFA. All payment terms remain the same. Loans 2006-L58WQ and 2007-L42WQ were affected by this transfer.

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

Note 3 - Detailed Notes on All Funds (continued)

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Fiscal Year	Principal
2014	163,454
2015	163,454
2016	163,454
2017	163,454
2018	163,454
2019-2021	400,635
Total	$ 1,217,905

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

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Year	Principal	Interest	Total
2014	31,063	7,371	38,434
2015	32,005	6,428	38,433
2016	32,976	5,457	38,433
2017	33,976	4,457	38,433
2018	35,007	3,426	38,433
2019-2021	92,236	3,847	96,083
Total	$ 257,263	$ 30,986	$ 288,249

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

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

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Year	Principal	Interest	Total
2014	33,664	28,389	62,053
2015	35,077	26,976	62,053
2016	36,525	25,528	62,053
2017	38,106	23,946	62,052
2018	39,683	22,369	62,052
2019-2021	224,850	85,413	310,263
2022-2026	276,184	34,079	310,263
2028	20,383	248	20,631
Total	$ 704,472	$ 246,948	$ 951,420

Note 3 - Detailed Notes on All Funds (continued)

GEFA Loan — DWSRF 04-004 – In fiscal year 2007, the Utility Commission drew down $631,650 at a 1.9% interest rate for an elevated water storage tank at Peach County High School and water main system improvements to serve Rolling Hills Trailer Park.

Payments of $1,579 are due monthly with a final maturity date of September 1, 2028. During fiscal year 2008 the Utility Commission drew down $513,350, to the maximum authorized borrowing of $1,145,000. However, in fiscal year 2008, the Utility Commission received a $500,000 GEFA DWSRF subsidy which was used to reduce the principal of this loan. And the Utility Commission made a balloon payment of $330,000 in fiscal year 2008. During fiscal year 2009 the construction loan went into repayment on October 1, 2008, in the amount of $315,000.

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Year	Principal	Interest	Total
2014	14,375	4,569	18,944
2015	14,650	4,294	18,944
2016	14,927	4,017	18,944
2017	15,221	3,723	18,944
2018	15,509	3,435	18,944
2019-2023	82,118	12,602	94,720
2024-2028	90,276	4,425	94,701
Total	$ 247,076	$ 37,065	$ 284,141

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

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

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

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Note 3 - Detailed Notes on All Funds (continued)

Year	Principal	Interest	Total
2014	21,888	21,039	42,927
2015	22,802	20,125	42,927
2016	23,755	19,172	42,927
2017	24,747	18,179	42,926
2018	25,781	17,146	42,927
2019-2023	145,991	68,642	214,633
2024-2028	179,145	35,488	214,633
	78,996	3,280	82,276
Total	$ 523,105	$ 203,071	$ 726,176

Polytec, Inc. Capital Lease – In fiscal year 2011, the Utility Commission entered into an equipment lease purchase agreement with Polytec, Inc., for chemical tanks and feed equipment with an original cost of $18,696. The lease is non-interest bearing and is payable bi-monthly with a final payment in June 2014. The Utility Commission agrees to use only Polytec chemicals in this equipment.

Annual debt service requirements to amortize this loan as of September 30, 2013 follow:

Fiscal Year	Principal
2014	6,542
Total	$ 6,542

(This section intentionally left blank)

Note 3 - Detailed Notes on All Funds (continued)

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended September 30, 2013:

	Outstanding 10/01/2012	Additions	Reductions	Outstanding 09/30/2013	Amount Due in One Year
Governmental activities:					
Employer funded death benefit	$ 233,459	$ 584	$ 15,836	$ 218,207	$ -
Compensated absences	155,146	82,205	73,813	163,538	73,592
Total governmental activities	$ 388,605	$ 82,789	$ 89,649	$ 381,745	$ 73,592
Business-type activities:					
Capital leases	$ 202,081	$ -	$ 142,363	59,718	$ 59,718
Compensated absences	8,601	4,595	5,225	7,971	6,775
Total business-type activities	$ 210,682	$ 4,595	$ 147,588	$ 67,689	$ 66,493
Main Street/DDA:					
Loan payable	$ 263,064	$ -	$ 21,252	$ 241,812	$ 156,987
Utility Commission:					
GEFA loan - DW97-027	$ 1,389,359	$ -	$ 163,454	$ 1,225,905	$ 163,454
GEFA loan - DW97-027A	287,411	-	30,148	257,263	31,063
GELAC loan - 2006-L58WQ	736,775	-	32,303	704,472	33,659
GEFA loan - DWSRF 04-004	261,185	-	14,109	247,076	14,375
GELAC loan - 2007 L42WQ	544,115	-	21,010	523,105	21,888
Polytec, Inc. - Capital Lease	12,151	-	5,608	6,543	5,608
Compensated absences	226,395	188,923	184,656	230,662	153,621
Total Utility Commission	$ 3,457,391	$ 188,923	$ 451,288	$ 3,195,026	$ 423,668

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.

3-G. Pensions

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

City Retirement Plan -

Plan Description – The City contributes to the General Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. 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 Employees Benefit System
201 Pryor Street, S.W.
Atlanta, Georgia 30303-3606
404-688-0472

Note 3 - Detailed Notes on All Funds (continued)

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

(1) Normal retirement benefit, whereas the employee retires at age 65 with five years of service.
(2) Early retirement benefit, whereas the employee retires at age 55 or older with ten years of service.

City employees who retire at or after age 65 are entitled to an annual retirement benefit, payable monthly for life. Benefits are dependent upon such factors as the number of years of credited service and the employee's final average earnings.

The early retirement benefit is computed in the same manner as the normal benefits, reduced on an actuarially equivalent basis. The plan provides death benefits in the form of a lifetime pension to the beneficiary if death occurs prior to retirement.

Funding Policy – The obligations to contribute for both the City and its employees are established by the City Council through ordinance. City employees are not required to contribute to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the System using the actuarial basis specified by statute. The contribution rate as of September 30, 2013 was 12.35% of annual covered payroll.

Annual Pension Cost and Actuarial Methods – For 2013, the City's annual pension cost of $224,278 for GMEBS was equal to the City's required contributions. The required contribution was determined as part of the January 1, 2013, actuarial valuation using the following methods: the actuarial cost method of projected unit credit; the amortization method of closed level dollar for remaining unfunded liability; and the remaining amortization period varies for the bases, with a net effective amortization period of 11 years. The actuarial assumptions included: (a) 7.75% investment rate of return and (b) projected salary increases of 3.50% per year for inflation (plus age and service based merit increases). There is no post-retirement benefit increase assumption. The actuarial value of GMEBS assets was determined using the sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
1/1/2013	3,226,821	4,146,619	77.82%	919,798	1,769,875	51.97%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Schedule of Employer Contributions

Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	186,007	100%	-
2012	211,097	100%	-
2013	224,278	100%	-

Note 3 - Detailed Notes on All Funds (continued)

Utility Commission Retirement Plan -

Plan Description and Provisions - The Utility Commission's defined benefit pension plan, the Fort Valley Utility Commission Retirement Plan ("Plan"), provides retirement, disability, and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide agent multiple-employer type plan. 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 by writing the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303, or by calling 1-404-688-0472.

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 5 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.

Funding Policy - Employees are not required to contribute to the Plan. The Utility Commission is required to make all contributions in accordance with the minimum funding standards of the Public Retirement Systems Standards Law. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

Annual Pension Cost - For 2013, the Utility Commission's annual pension costs of $280,703 was equal to the Utility Commission's required and actual contributions. The Utility Commission's contribution rates were 10.16% of the expected payroll for covered employees for fiscal year 2013.

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are open for this plan year.

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
9/1/2007	$ 4,367,387	$ 4,611,137	94.71%	$ 243,750	$ 2,173,145	11.22%
9/1/2008	4,666,320	4,955,419	94.17%	289,099	2,330,694	12.40%
10/1/2009	4,613,269	5,323,081	86.67%	709,812	2,518,493	28.18%
1/1/2010	4,924,315	5,430,378	90.68%	506,063	2,518,493	20.09%
1/1/2011	5,252,973	5,801,534	90.54%	548,561	2,445,297	22.43%
1/1/2012	5,487,275	6,327,327	86.72%	840,052	2,561,787	32.79%
1/1/2013	5,774,573	6,432,558	89.77%	657,985	2,693,503	24.43%

Note 3 - Detailed Notes on All Funds (continued)

Schedule of Employer Contributions

Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	239,702	100%	-
2012	289,859	100%	-
2013	280,703	100%	-

Actuarial Valuation Information – The Utility Commission's actuarial valuation information for the three most current actuarial valuations is as follows:

Current Valuation Date	January 1, 2013	January 1, 2012	January 1, 2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Closed Level Dollar	Closed Level Dollar	Closed Level Dollar
Remaining Amorization Period	Varies with Different Bases - With a Net Effective Amortization Period of 11 years	Varies with Different Bases - With a Net Effective Amortization Period of 11 years	Varies with Different Bases - With a Net Effective Amortization Period of 10 years
Asset Valuation Method	The Sum of the Actuarial Values Adjusted by Cash Flows and Investment Returns	The Sum of the Actuarial Values Adjusted by Cash Flows and Investment Returns	The Sum of the Actuarial Values Adjusted by Cash Flows and Investment Returns
Actuarial Assumptions:			
Investment Rate of Return	7.75%	7.75%	7.75%
Projected Salary Increases	3.50%	3.50%	3.50%
Expected Annual Inflation	0%	0%	0%

3-H. Net Investment in Capital Assets

Net position on the City-wide statement of net position as of September 30, 2013 is as follows:

Net Investment in capital assets:	Governmental Activities	Business-type Activities	Component Units
Cost of capital assets	$ 7,782,413	$ 1,347,730	$ 51,011,688
Less accumulated depreciation	3,251,750	1,094,222	21,492,516
Book value	4,530,663	253,508	29,519,172
Less capital related debt	-	59,718	3,496,029
Net Investment in capital assets	$ 4,530,663	$ 193,790	$ 26,023,143

Note 3 - Detailed Notes on All Funds (continued)

3-I. Fund Equity

Fund Balances:

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

General Fund:	
Public safety technology	85,265
Total	$ 85,265
Capital Projects Fund:	
Special Local Option Sales Tax Fund (SPLOST) used to account for capital projects financed with SPLOST.	$ 389,059

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

General Fund:	
Contingencies	$ 913,443
Special Revenue Funds:	
Hotel / Motel Fund	$ 153

- **Unassigned –** The City's policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster.

3-J. Construction Loan Payable – Utility Commission

On July 19, 2013, the Utility Commission entered into a construction loan with CB&T, a division of Synovus Bank with a maximum borrowing of $2,387,000 at an interest rate of 1.4%, due January 19, 2015. This loan is partially financing a project at Fort Valley State University which includes installing a 500,000 elevated storage tank, a new well and chemical feed building, including a 12" water main. The loan is secured by a certificate of deposit totaling $1,758,009. The United States Department of Agriculture will retire this loan and provide long-term financing through the issuance of 40-year municipal bonds in the amount of $2,387,000 at 3.75%. The amount of the construction loan at September 30, 2013 is $289,853.

Note 4 – Other Notes

4-A. Contract Commitments – Utility Commission

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

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

MEAG has issued bonds for the purpose of building generation, transmission, and telecommunications facilities. Each participant, such as the Utility Commission, is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The Utility Commission's contingent contractual obligation varies by individual MEAG project and totals approximately $68,618,954 at September 30, 2013 and $69,578,114 at September 30, 2012. 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.

Note 4 – Other Notes (continued)

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 $8,545,445 at September 30, 2013 and $6,896,286 at September 30, 2012. 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, 2013 were $793,034 and $4,144,703; at September 30, 2012 they were $2,022,851 and $4,187,623, respectively. Due to the restrictions on the use of these two accounts, they are not presented on the comparative statement of Net position.

Credits from the Municipal Competitive Trust for Power Supply Year 2013. 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 is $1,157,508. The annual amount for the Utility Commission for 2011 is $1,387,086. The annual amount for the Utility Commission for 2012 was $769,170. The annual amount for the Utility Commission for 2013 was $1,463,662. The annual amount for the Utility Commission for 2014 is $1,427,702.

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

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 both September 30, 2013 and 2012. 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.

Note 4 – Other Notes (continued)

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 $4,664,635 at September 30, 2013 and $5,773,230 at September 30, 2012. 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. The Utility Commission anticipates that no further extensions will be required. Construction will begin in calendar year 2014.

4-B. Risk Management

Both the City and the Utility Commission are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The City purchases commercial insurance to cover automobile, property and liability coverage. However, the Utility Commission has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance. The City and the Utility Commission manage their 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 and the Utility Commission are 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 and the Utility Commission are to allow the pool's agents and attorneys to represent them in investigation, settlement discussions and all levels of litigation arising out of any claim made against them within the scope of loss protection provided by the funds. The funds are to defend and protect the members of the funds against any liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs assessed to its members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

Note 4 – Other Notes (continued)

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

Date	(1) Beginning of Fiscal Year Liability	(2) Current Year Claims and Changes in Estimates	(3) Claim Payments	(4) End of Fiscal Year Liability
2011	23,243	611,286	576,237	58,292
2012	58,292	351,552	392,965	16,879
2013	16,879	601,521	578,319	40,081

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

4-C. Contingent Liabilities

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

Utility Commission Contingent Liability

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

The Utility Commission was not a defendant in any lawsuits at September 30, 2013 or 2012. 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.

The Utility Commission guaranteed the cost of certain architect plans and fees up to the amount of $180,000 incurred by the Fort Valley Main Street Downtown Development Authority (City of Fort Valley, Georgia) relative to the renovation of the Fort Valley High School building on Knoxville Street in Fort Valley, Georgia. The proposed renovation would have housed the future School of Business Administration program at Fort Valley State University, which is a historically black State and Land-Grant Institution and a member of the University System of Georgia. Short-term financing, for which the Utility Commission has guaranteed repayment, has been provided by a local Community Bank. The project has been abandoned. The Fort Valley Main Street Downtown Development Authority loan is current. A balloon payment is due in May 2014.

4-D. Environmental Remediation

In 2003, the Georgia Department of Natural Resources placed the Vienna Street Dump on the Hazardous Site Inventory and held the City of Fort Valley to be the responsible party. The Vienna Street Dump was placed on the Hazardous Site Inventory because the site has a known release of arsenic exceeding the reportable quantity. The Georgia Environmental Protection Division requires the City of Fort Valley to complete a Compliance Status Report, wherein the City will investigate the source of contamination and propose a Corrective Action Plan to remediate the contamination. As of September 30, 2013, 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, 2013.

Note 4 – Other Notes (continued)

4-E. Related Organization

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

4-F. Joint Ventures

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

4-G. Hotel-Motel Lodging Tax

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2013 follows:

Lodging tax receipts	$ 24,184
Required expenditures	$ 9,674
Actual expenditures	$ 13,390

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

4-H. Related Party Transactions

The City had material revenues from the Fort Valley Utility Commission consisting of franchise fees and a contribution totaling $1,054,905. The City also had material expenditures with the Commission consisting of fiber optic services and utilities totaling $334,057.

4-I. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 31, 2014, the date the financial statements were available to be issued.

Utility Commission Subsequent Events

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

City of Fort Valley, Georgia
Required Supplementary Information
September 30, 2013

Pension Plan
Schedule of Funding Progress
(Unaudited)

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
11/1/2006	3,292,137	3,196,762	-95,375	102.98%	1,289,794	0.00%
11/1/2007	3,349,240	3,561,478	212,238	94.04%	1,625,042	13.06%
11/1/2008	3,379,055	3,687,877	308,822	91.63%	2,134,730	14.47%
10/1/2009	2,923,960	3,843,749	919,789	76.07%	1,975,397	46.56%
1/1/2010	3,329,053	3,915,316	586,263	85.03%	2,012,837	29.13%
1/1/2011	3,413,249	3,971,229	557,980	85.95%	1,957,090	28.51%
1/1/2012	3,199,339	4,037,474	838,135	79.24%	1,828,469	45.84%
1/1/2013	3,226,821	4,146,619	919,798	77.82%	1,769,875	51.97%

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SUPPLEMENTARY INFORMATION

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City of Fort Valley, Georgia
General Fund
Comparative Balance Sheet
September 30, 2013 and 2012

	2013	2012
Assets:		
Cash and cash equivalents	$ 1,692,694	$ 1,597,923
Investments	-	-
Receivables:		
Accounts	88,242	101,272
Property taxes	332,507	251,419
Intergovernmental	282,629	351,548
Interfund	755,380	506,156
Total Assets	$ 3,151,452	$ 2,808,318
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 97,641	$ 56,936
Accrued expenditures	1,732	47,360
Intergovernmental payable	19,727	4,689
Deferred revenue	89,018	111,680
Total Liabilities	208,118	220,665
Fund Balances:		
Restricted for:		
Parks and playgrounds	-	48,750
Public safety technology	85,265	57,349
Assigned for:		
Contingencies	913,443	632,427
Unassigned	1,944,626	1,849,127
Total Fund Balances:	2,943,334	2,587,653
Total Liabilities and Fund Balances	$ 3,151,452	$ 2,808,318

City of Fort Valley, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2013 and 2012

	2013	2012
Revenues:		
Taxes	$ 4,553,056	$ 4,605,384
Licenses and permits	112,553	107,273
Intergovernmental	268,486	266,412
Charges for services	70,126	43,279
Fines and forfeitures	216,928	311,506
Investment earnings	3,979	12,829
Contributions	-	19,238
Miscellaneous	42,011	7,135
Total Revenues	5,267,139	5,373,056
Expenditures:		
Current:		
General government	$ 689,733	$ 635,042
Judicial	57,498	52,365
Public safety	3,091,341	2,855,242
Public works	981,642	843,110
Culture and recreation	461,015	445,520
Housing and development	82,454	86,315
Total Expenditures	5,363,683	4,917,594
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,544)	455,462
Other Financing Sources (Uses):		
Sale of capital assets	439,571	-
Transfers in	12,654	11,939
Total Other Financing Sources	452,225	11,939
Net Change in Fund Balances	355,681	467,401
Fund Balances, Beginning of Year	2,587,653	2,120,252
Fund Balances, End of Year	$ 2,943,334	$ 2,587,653

City of Fort Valley, Georgia

Schedule of Revenues - Budget and Actual - General Fund

For the Year Ended September 30, 2013

(With Comparative Actual Amounts for the Year Ended September 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Real and Personal Property Taxes:					
General property tax	$ 1,585,000	$ 1,585,000	$ 1,576,319	$ (8,681)	$ 1,503,080
Vehicle property tax	90,000	90,000	161,202	71,202	94,778
Mobile home property tax	6,800	6,800	6,019	(781)	10,606
Recording intangible tax	3,200	3,200	4,303	1,103	3,295
Real estate transfer tax	1,400	1,400	1,723	323	1,611
Railroad equipment tax	2,800	2,800	3,256	456	3,249
Prior year taxes - other than property	5,000	5,000	9,512	4,512	11,245
Penalties and interest on delinquent taxes	24,300	24,300	20,962	(3,338)	27,738
Total Real and Personal Property Taxes	1,718,500	1,718,500	1,783,296	64,796	1,655,602
Selective Taxes:					
Sales tax	1,180,000	1,180,000	1,135,280	(44,720)	1,212,240
Beer tax	134,000	134,000	120,616	(13,384)	128,103
Wine tax	7,000	7,000	4,722	(2,278)	5,342
Liquor tax	22,000	22,000	17,138	(4,862)	21,523
Hotel/motel tax	12,000	12,000	-	(12,000)	-
Insurance premium tax	440,000	488,900	488,984	84	460,365
Utility Commission franchise fees	935,265	935,265	954,905	19,640	1,054,741
Cable T.V. franchise fees	40,000	40,000	21,158	(18,842)	29,927
Telephone franchise fees	39,000	39,000	26,957	(12,043)	37,541
Total Selective Taxes	2,809,265	2,858,165	2,769,760	(88,405)	2,949,782
Licenses and Permits:					
Alcoholic beverage licenses	25,000	25,000	28,400	3,400	25,800
Occupation taxes	75,000	75,000	79,343	4,343	76,473
Amusement machine permits	2,000	2,000	4,800	2,800	3,600
Dog registration	1,000	1,000	10	(990)	1,400
Total Licenses and Permits	103,000	103,000	112,553	9,553	107,273
Fines and Forfeitures:					
Court fines	245,000	245,000	216,928	(28,072)	311,506
Total Fines and Forfeitures	245,000	245,000	216,928	(28,072)	311,506
Charges for Services:					
Bond fees	3,000	3,000	3,328	328	3,297
Qualifying Fees	1,500	1,500	2,520	1,020	-
Police background checks	6,000	6,000	7,727	1,727	5,013
Police accident reports	3,000	3,000	676	(2,324)	3,269
Sale of cemetery lots	30,000	30,000	43,200	13,200	30,600
Rental income	1,225	1,225	12,675	11,450	1,100
Total Charges for Services	44,725	44,725	70,126	25,401	43,279
Intergovernmental:					
FEMA grant	36,000	36,000	26,532	(9,468)	72,826
Community redevelopment grant	-	-	11,705	11,705	-
Department of Justice grants	-	-	61,238	61,238	-
Department of Transportation grants	-	69,011	69,011	-	-
Utility Commission	100,000	100,000	100,000	-	185,000
Housing authority	8,000	8,000	-	(8,000)	8,586
Total Intergovernmental	144,000	213,011	268,486	55,475	266,412
Miscellaneous:					
Investment earnings	15,000	15,000	3,979	(11,021)	12,829
Contributions	-	-	-	-	19,238
Miscellaneous	12,000	12,000	42,011	30,011	7,135
Total Miscellaneous	27,000	27,000	45,990	18,990	39,202
Total Revenues	$ 5,091,490	$ 5,209,401	$ 5,267,139	$ 57,738	$ 5,373,056

City of Fort Valley, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended September 30, 2013
(With Comparative Actual Amounts for the Year Ended September 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures:					
General Government:					
Mayor and council	$ 106,023	$ 157,233	$ 157,230	$ (3)	$ 146,324
Administration	432,559	463,451	461,064	(2,387)	448,482
Public buildings	64,600	71,440	71,439	(1)	40,236
Total General Government	603,182	692,124	689,733	(2,391)	635,042
Judicial:					
Municipal court	45,998	57,498	57,498	-	52,365
Total Judicial	45,998	57,498	57,498	-	52,365
Public Safety:					
Police	1,756,523	2,127,562	2,127,559	(3)	1,910,779
Fire	797,462	963,791	963,782	(9)	944,463
Total Public Safety	2,553,985	3,091,353	3,091,341	(12)	2,855,242
Public Works:					
Streets	498,576	699,675	699,668	(7)	597,180
Cemeteries	212,356	281,976	281,974	(2)	245,930
Total Public Works	710,932	981,651	981,642	(9)	843,110
Culture and Recreation:					
Parks	283,298	431,987	431,975	(12)	424,451
Senior citizen's center	9,000	14,040	14,040	-	6,069
Spruce street pool	15,000	15,000	15,000	-	15,000
Total Culture and Recreation	307,298	461,027	461,015	(12)	445,520
Housing and Development:					
Economic development	91,315	91,315	82,454	(8,861)	86,315
Total Housing and Development	91,315	91,315	82,454	(8,861)	86,315
Health Insurance	546,119	-	-	-	-
Debt Service:				-	
Principal retirement	14,273	14,273	-	(14,273)	-
Interest and fiscal charges	8,293	8,293	-	(8,293)	-
Total Debt Service	22,566	22,566	-	(22,566)	-
Total Expenditures	$ 4,881,395	$ 5,397,534	$ 5,363,683	$ (33,851)	$ 4,917,594

City of Fort Valley, Georgia
Combining Balance Sheet
Non-major Funds
September 30, 2013

	Special Revenue Fund Hotel/Motel Tax	Capital Projects Fund 2008 SPLOST	Total Non-major Funds
Assets			
Cash and cash equivalents	$ 152	$ 126,784	$ 126,936
Receivables:			
Intergovernmental	-	62,932	62,932
Hotel/motel taxes	6,194	-	6,194
Total Assets	6,346	189,716	196,062
Liabilities and Fund Balances			
Liabilities			
Accounts payable	6,194	-	6,194
Total Liabilities	6,194	-	6,194
Fund Balances			
Restricted	-	189,716	189,716
Assigned	152	-	152
Total Fund Balance	152	189,716	189,868
Total Liabilities and Fund Balances	$ 6,346	$ 189,716	$ 196,062

City of Fort Valley, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
For the Year Ended September 30, 2013

	Special Revenue Fund Hotel/Motel Tax	Capital Projects Fund 2008 SPLOST	Total Non-Major Funds
Revenues			
Hotel/motel taxes	$ 24,184	$ -	$ 24,184
Intergovernmental	-	356,117	356,117
Interest	-	53	53
Total Revenues	24,184	356,170	380,354
Expenditures			
Current:			
Public works	-	229,386	229,386
Housing and development	13,391	-	13,391
Total Expenditures	13,391	229,386	242,777
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,793	126,784	137,577
Other Financing (Uses)			
Transfers out	(12,654)	-	(12,654)
Total Other Financing (Uses)	(12,654)	-	(12,654)
Net Change in Fund Balances	(1,861)	126,784	124,923
Fund Balances, Beginning of Year	2,013	62,932	64,945
Fund Balances, End of Year	$ 152	$ 189,716	$ 189,868

City of Fort Valley, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
September 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 152	$ 1,751
Hotel/motel taxes receivable	6,194	1,502
Total Assets	$ 6,346	$ 3,253
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 6,194	$ 1,240
Total Liabilities	6,194	1,240
Fund Balances		
Assigned	152	2,013
Total Liabilities and Fund Balances	$ 6,346	$ 3,253

City of Fort Valley, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013
(With Comparative Actual Amounts for the Year Ended September 30, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues					
Hotel/motel taxes	$ 20,000	$ 20,000	$ 24,184	$ 4,184	$ 19,164
Expenditures					
Current:					
Housing and development	8,000	13,395	13,391	(4)	9,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	6,605	10,793	4,188	9,965
Other Financing (Uses)					
Transfers out	(12,000)	(12,660)	(12,654)	6	(11,939)
Net Change in Fund Balances	$ -	$ (6,055)	(1,861)	$ 4,194	(1,974)
Fund Balances, Beginning of Year			2,013		3,987
Fund Balances, End of Year			$ 152		$ 2,013

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Balance Sheet
September 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 126,784	$ -
Intergovernmental receivable	62,932	62,932
Total Assets	$ 189,716	$ 62,932
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ -
Fund Balances		
Restricted	189,716	62,932
Total Liabilities and Fund Balances	$ 189,716	$ 62,932

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2013 and 2012

	2013	2012
Revenues		
Intergovernmental	$ 356,117	$ 250,000
Interest	53	-
Total Revenues	356,170	250,000
Expenditures		
Intergovernmental	229,386	187,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	126,784	62,932
Fund Balances, Beginning of Year	62,932	-
Fund Balances, End of Year	$ 189,716	$ 62,932

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Balance Sheet
September 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 241,065	$ 412,713
Total Assets	$ 241,065	$ 412,713
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 6,231
Accrued expenditures	-	797
Interfund payable	41,722	6,330
Total Liabilities	$ 41,722	$ 13,358
Fund Balances		
Restricted	199,343	399,355
Total Liabilities and Fund Balances	$ 241,065	$ 412,713

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2013 and 2012

	2013	2012
Revenues		
Interest	$ 455	$ 4,348
Total Revenues	455	4,348
Expenditures		
Capital outlay	200,467	144,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,012)	(139,725)
Fund Balances, Beginning of Year	399,355	539,080
Fund Balances, End of Year	$ 199,343	$ 399,355

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SPECIAL REPORTS SECTION

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

March 31, 2014

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Fort Valley, Georgia's basic financial statements and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses: items 2013-5, 2013-6, 2013-7, and 2013-8.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings to be significant deficiencies: items 2013-1, 2013-2, 2013-3, 2013-4, and 2013-9.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fort Valley, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Fort Valley, Georgia's Response to Findings

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

We noted certain other matters that we reported to the management of the City of Fort Valley, Georgia, in a separate letter dated March 31, 2014.

Purpose of this Report

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

Butler, Williams & Tryche, LLC

Macon, Georgia

City of Fort Valley, Georgia
Schedule of Findings
For the Year Ended September 30, 2013

2013-1 ***Criteria –*** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition – Certain employees who record transactions in the accounting records also have access to cash and perform bank reconciliations.

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 recording, receipt/distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected.

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

Response/Corrective Action Plan – We concur. The City has segregated the responsibility of finances as much as possible with the limited staff. We will continue to review the duties performed by the staff available and work to further segregate as much as possible.

2013-2 ***Criteria –*** When grant funds are received, revenue should be recognized only when grant conditions have been met. Deferred revenues should be recorded if the revenue is earned but unavailable.

Condition – In the General Fund, qualifying expenditures were made, but the City failed to record the proper entries for both grant revenues and deferred revenues.

Cause of Condition – Insufficient internal controls over grant recording led to the under-reporting of grant revenues and deferred revenues in the General Fund.

Effect of Condition – Grant revenues and deferred revenues in the General Fund were understated by $44,186. Audit adjustments were necessary to correct these misstatements.

Recommendation – We recommend the City review its grant revenue and deferred revenue reporting to ensure that revenues are recorded when qualifying expenditures have been made.

Response/Corrective Action Plan – We concur. The City will review and monitor grant/deferred revenue accounts in the future and ensure that they are properly recorded.

2013-3 ***Criteria –*** In proprietary funds, payments of debt principal should be recorded as a reduction in the debt liability, not as a debt service expense. Also, in proprietary funds, interest expense should be recorded on a full accrual basis.

Condition – The City recorded its capital lease payment for equipment in the Sanitation fund as a debt service expenditure in the General Fund.

Cause of Condition – The City's internal controls were not sufficient to identify the debt payment as belonging to the Sanitation fund.

Effect of Condition – Audit adjustments were needed to decrease debt service expenditures in the General Fund by $22,566. Audit adjustments were also needed to decrease Sanitation fund capital lease liability by $17,363 and increase Sanitation fund interest expense by $5,203.

Recommendation – We recommend the City review debt expenditures to ensure they are properly recorded.

Response/Corrective Action Plan – We concur. The City will review debt payments and ensure that they are properly recorded in the future.

2013-4 ***Criteria –*** Accrued receivables/revenues, and liabilities/expenditures/expenses should be reversed in the subsequent year once they have been received or paid, respectively.

Condition – Many of the City's financial accounts did not reflect the effect of prior year adjusting entries.

Cause of Condition – Necessary reversing entries for prior year accruals were not recorded.

Effect of Condition – Multiple accounts were misstated by material amounts. Audit adjustments were required to correct these misstatements.

Recommendation – We recommend that the City improve its controls over financial recording to ensure that adjusting entries accepted by management are reversed, when applicable, in the City's books.

Response/Corrective Action Plan – We concur. We will put in place procedures so adjusting entries are reversed timely and correctly.

2013-5 ***Criteria –*** Generally accepted accounting principles require that revenues be recorded in the period in which they are both measureable and available to finance current period expenditures. Also, procedures should be in place to ensure all payables and expenditures/expenses are properly recorded, in a timely manner, regardless of the timing of the related cash flows.

Condition – The City's internal controls were not adequate to determine the entries needed to properly reflect the City's end of year account balances in receivables/revenues and liabilities/expenditures/expenses.

Cause of Condition – During our audit of receivables/revenues and liabilities/expenditures/expenses we noted several audit adjustments that were needed to properly reflect end of year account balances

Effect of Condition – Receivables/Revenues and liabilities/expenditures/expenses were materially understated. The following audit adjustments were required to correct these misstatements:

- Audit adjustments were necessary to record Sanitation revenues of the current fiscal year that were received after year-end; the total of these adjustments were $79,565. Additionally, to properly reflect the balance in Sanitation receivables, a net adjustment in the amount of $4,069 was required.
- An audit adjustment in the amount of $16,389 was necessary to record Sanitation expenditures incurred during the fiscal year but paid after year end.

Recommendation – We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that expenditures/expenses are recorded in the proper reporting period.

Response/Corrective Action Plan – We concur. We will put measures in place to ensure that receivables/revenues and expenditures/expenses are recorded in the proper reporting period.

2013-6 ***Criteria*** **–** The City of Fort Valley utilizes a capitalization threshold of $5,000 for expenditures related to capital asset purchases. At the governmental fund level, expenditures meeting the capital asset threshold are recorded as capital outlay.

Condition **–** In the General Fund, internal controls did not detect expenditures for equipment and infrastructure that should have been recorded as capital outlay.

Cause of Condition **–** During our audit of capital outlay expenditures in the General Fund, we noted an expenditure that was not recorded on the City's books. Additionally, we noted an expenditure that was recorded as small equipment.

Effect of Condition **–** Capital outlay expenditures in the General Fund were understated by $100,683. Audit adjustments were required to correct these misstatements.

Recommendation **–** We recommend the City review all capital outlay accounts throughout the year to ensure expenditures are being coded and recorded to the correct expenditure accounts.

Response/Corrective Action Plan **–** We concur. We will put procedures in place to ensure that capital outlay accounts are properly coded.

2013-7 ***Criteria*** **–** Generally, expenditures should be recorded for obligations incurred during the reporting period.

Condition **–** Cash was overstated while payroll liabilities and expenditures were understated.

Cause of Condition **–** The City's internal controls were not adequate to determine the entries needed to reflect the payroll run for checks dated 9/30/13.

Effect of condition **-** Audit adjustments were required to record payroll expenditures of $54,853 with a corresponding adjustment to cash and the payroll liability accounts.

Recommendation **–** We recommend the City review its payroll liability/expenditure accounts at year end to ensure that the accounts include all payroll incurred during the reporting period.

Response/Corrective Action Plan **-** We concur. Procedures have been put in place to ensure that Fiscal year ending payroll is properly recorded.

2013-8 ***Criteria*** **–** Controls over financial reporting require that transactions be recorded on a timely basis.

Condition - The City failed to maintain activity in the 2008 SPLOST fund in its accounting system.

Cause of Condition **-** During our audit of capital outlay expenditures, we noted that the 2008 SPLOST fund was not recorded in the City's accounting system due to software limitations.

Effect of Condition **-** The City's financial records were materially misstated by the amounts related to the activity in the 2008 SPLOST fund. Audit adjustments were required to prevent these misstatements.

Recommendation **–** The City should improve its control over financial reporting to make sure that all transactions are recorded by year end in the City's accounting system.

Response/Corrective Action Plan - We concur. Arrangements have been made with our software company to ensure that new funds can be added into the system in a timely manner.

Fort Valley Main Street/Downtown Development Authority

2013-9 ***Criteria*** **–** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

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

Cause of Condition **–** The Executive Director left in the previous fiscal year and has not been replaced.

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

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

Response/Corrective Action Plan **–** We concur. A part time administrative assistant has been employed and the duties have been segregated as much as possible.

City of Fort Valley, Georgia
Schedule of Prior Year Findings
For the Year Ended September 30, 2013

2012-1 ***Condition:*** Certain employees who record transactions in the accounting records also have access to cash and perform bank reconciliations.

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

***Status*:** Unresolved. See 2013-1.

2012-2 ***Condition:*** In the General Fund, qualifying expenditures were made, but the City failed to record the proper entries for both grant revenues and deferred revenues.

Recommendation: We recommend the City review its grant revenue and deferred revenue reporting to ensure that revenues are recorded when qualifying expenditures have been made.

***Status*:** Unresolved. See 2013-2.

2012-3 ***Condition***: The City recorded its capital lease payment for equipment in the Sanitation fund as a debt service expenditure in the General Fund.

Recommendation: We recommend the City review debt expenditures to ensure they are properly recorded.

***Status*:** Unresolved. See 2013-3.

2012-4 ***Condition***: The City failed to record its investment received from a trust fund at FMV.

Recommendation: We recommend the City obtain and review documentation needed to record its investments at year end at fair market value.

***Status*:** Resolved.

2012-5 **C*ondition*:** Many of the City's financial accounts did not reflect the effect of prior year adjusting entries.

Recommendation: We recommend that the City improve its controls over financial recording to ensure that adjusting entries accepted by management are recorded and reversed, when applicable, in the City's books.

***Status*:** Partially resolved. See 2013-4

2012-6 ***Condition*:** The City's internal controls were not adequate to determine the accruals needed to properly reflect the City's end of year account balances in receivables/revenues and liabilities/expenditures/expenses.

Recommendation: We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that expenditures/expenses are recorded in the proper reporting period.

Status: Unresolved. See 2013-5

City of Fort Valley, Georgia
Schedule of Prior Year Findings
For the Year Ended September 30, 2013

2012-7 ***Condition:*** In the General Fund, internal controls did not detect an expenditure for equipment that should have been recorded as capital outlay. In the Sanitation Fund, internal controls did not detect an expenditure for equipment that should have been capitalized and recorded as an asset.

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

Status: Partially resolved. See 2013-6

2012-8 ***Condition:*** The City recorded $250,000 received from the 2008 SPLOST in the General Fund.

Recommendation: We recommend that the City review this section of the OCGA to ensure that SPLOST proceeds are properly recorded in the future.

Status: Resolved.

2012-9 ***Condition:*** The City signed a lease during the fiscal year that met the above condition and should have been recorded as a capital lease in the Sanitation Fund. Instead, the proceeds from the lease were recorded as Other Revenue.

Recommendation: We recommend the City review the criteria for capitalization of leases to ensure proper recording of leases in the future.

Status: Resolved.

Fort Valley Main Street/Downtown Development Authority

2012-10 C***ondition***: Fort Valley Main Street/Downtown Development Authority had only one full-time employee and one part-time employee.

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

Status: Unresolved. See 2013-9

City of Fort Valley, Georgia
Schedule of Projects Undertaken
With Special Purpose Sales Tax Proceeds
For the Year Ended September 30, 2013

2004 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
Storm Water Drainage Improvements	$ 1,250,000	$ 1,250,000	$ 1,104,300	$ 200,467	$ 1,304,767	104.4%

2008 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Expenditures Total	Estimated Percentage of Completion
Water and Sewer Projects Stormwater Drainage	$ 2,500,000	$ 2,500,000	$ -	$ -	$ -	0.0%
Public Safety Equipment	500,000	500,000	-	229,386	229,386	45.9%
Road, Street and Bridge Purposes **(a)**	-	250,000	187,068	-	187,068	74.8%
	$ 3,000,000	$ 3,250,000	$ 187,068	$ 229,386	$ 416,454	12.8%
2008 Referendum - Main Street DDA						
Cultural, Historical and Recreational Facilities	$ 75,000	$ 75,000	$ 74,841	$ -	$ 74,841	99.8%

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