CITY OF FORT VALLEY, GEORGIA

ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2014

City of Fort Valley, Georgia
Annual Financial Report
For The Year Ended September 30, 2014

TABLE OF CONTENTS

Financial Section

Independent Auditor's Report 1-2

Management's Discussion and Analysis (Unaudited) 3-15

Basic Financial Statements
Government-wide Financial Statements:
Statement of Net Position 16
Statement of Activities 17-18

Fund Financial Statements
Governmental Funds:
Balance Sheet 19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – *General Fund* 23

Proprietary Fund:
Sanitation Fund
Comparative Statement of Net Position 24
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position 25
Comparative Statement of Cash Flows 26

Fiduciary Fund:
Library Endowment Trust Fund
Comparative Statement of Fiduciary Net Position 27
Comparative Statement of Changes in Fiduciary Net Position 28

Component Units:
Combining Statement of Net Position 29
Combining Statement of Activities 30

Notes to the Basic Financial Statements 31-59

Required Supplementary Information
Pension Plan Schedule of Funding Progress (unaudited) 60

City of Fort Valley, Georgia
Annual Financial Report
For The Year Ended September 30, 2014

TABLE OF CONTENTS

Supplementary Information
Combining and Individual Fund Statements and Schedules:
Governmental Funds
Major *General Fund*:
Comparative Balance Sheet 61
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 62
Schedule of Revenues – Budget and Actual 63
Schedule of Expenditures – Budget and Actual 64

Non-major Special Revenue Fund:
Combining Balance Sheet 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 66
Hotel/Motel Tax Fund
Comparative Balance Sheet 67
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 68

Non-major Capital Project Fund:
2008 SPLOST Fund
Comparative Balance Sheet 69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 70

Major Capital Project Fund
2004 SPLOST Fund:
Comparative Balance Sheet 71
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances 72

Special Reports Section
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* 73-74
Schedule of Findings 75-78
Schedule of Prior Year Findings 79-80
Schedule of Projects Undertaken with Special Purpose Sales Tax Proceeds 81

FINANCIAL SECTION

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

April 20, 2015

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 and the schedule of projects undertaking with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2015 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, 2014. 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 $7,098,705 (net position) for the fiscal year reported.

- Total net position is comprised of the following:

  (1) Capital assets, net of related debt, of $5,081,072 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 $105,660 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
  (3) Unrestricted net position of $1,911,973 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 $2,755,616 this year. This compares to the prior year ending fund balance of $3,332,545 showing an decrease of $576,929 during the current year.

  At the end of the current fiscal year, unassigned fund balance for the general fund was $1,660,829 or 27% 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 61.

Financial Analysis of the City as a Whole

The City's net position at fiscal year-end are $7,098,705. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	$ 2,923,283	$ 3,546,857	$ (318,562)	$ (301,905)	$ 2,604,721	$ 3,244,952
Capital assets	5,090,798	4,530,663	199,022	253,508	5,289,820	4,784,171
Total assets	$ 8,014,081	$ 8,077,520	$ (119,540)	$ (48,397)	$ 7,894,541	$ 8,029,123
Liabilities:						
Current liabilities	$ 260,184	$ 287,904	$ 22,883	$ 85,233	$ 283,067	$ 373,137
Long-term liabilities	510,824	308,153	1,945	1,196	512,769	309,349
Total liabilities	$ 771,008	$ 596,057	$ 24,828	$ 86,429	$ 795,836	$ 682,486
Net position:						
Net investment in capital assets	$ 4,882,050	$ 4,530,663	$ 199,022	$ 193,790	$ 5,081,072	$ 4,724,453
Restricted-Capital Projects	102,458	389,059	-	-	102,458	389,059
Restricted-Program Purposes	3,202	152	-	-	3,202	152
Unrestricted	2,255,363	2,561,589	(343,390)	(328,616)	1,911,973	2,232,973
Total net position	$ 7,243,073	$ 7,481,463	$ (144,368)	$ (134,826)	$ 7,098,705	$ 7,346,637

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 11.2 to 1, as compared to 12.3 to 1 at September 30, 2013. The current ratio for the business-type activities at September 30, 2014 is 13.9 to 1 as compared to 3.5 to 1 at September 30, 2013. For the City overall, the current ratio is 9.2 to 1 as compared to 8.7 to 1 at September 30, 2013.

The City reported positive balances in net position for governmental activities and negative balances in net position for the business-type activities. Net position decreased $238,390 for governmental activities and decreased by $9,542 for business-type activities. The City's overall financial position decreased by $247,932 over the prior year.

Note that approximately 67.4% of the governmental activities' net position is tied up in capital. This compares to 60.6% at September 30, 2013. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent 58% of its net position on capital assets as compared to approximately 59% at September 30, 2013. Capital assets in the business-type activities provide sanitation services, but they also generate revenues for this fund. 71.6% of the City's total net position is included in capital assets as compared to 64.3% at September 30, 2013.

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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenues						
Program:						
Charges for services	$ 378,044	$ 399,607	$ 1,135,638	$ 1,073,367	$ 1,513,682	$ 1,472,974
Operating grants	78,741	99,475	-	-	78,741	99,475
Capital grants & contributions	86,809	425,636	-	-	86,809	425,636
General:						
Taxes	4,910,261	4,577,239	-	-	4,910,261	4,577,239
Intergovernmental	120,000	100,000	-	-	120,000	100,000
Other	21,388	432,082	621	627	22,009	432,709
Total revenues	5,595,243	6,034,039	1,136,259	1,073,994	6,731,502	7,108,033
Program expenses:						
General government	766,429	643,544	-	-	766,429	643,544
Judicial	66,210	56,777	-	-	66,210	56,777
Public safety	3,326,476	3,072,759	-	-	3,326,476	3,072,759
Public works	1,105,299	1,030,269	-	-	1,105,299	1,030,269
Culture and recreation	459,872	434,220	-	-	459,872	434,220
Housing and development	103,831	95,844	-	-	103,831	95,844
Interest	5,516	-	-	-	5,516	-
Sanitation			1,145,801	1,075,230	1,145,801	1,075,230
Total expenses	5,833,633	5,333,413	1,145,801	1,075,230	6,979,434	6,408,643
Excess (deficiency)	(238,390)	700,626	(9,542)	(1,236)	(247,932)	699,390
Transfers	-	-	-	-	-	-
Net changes in net position	(238,390)	700,626	(9,542)	(1,236)	(247,932)	699,390
Beginning net position	7,481,463	6,780,837	(134,826)	(133,590)	7,346,637	6,647,247
Prior period adjustments	-	-	-	-	-	-
Ending net position	$ 7,243,073	$ 7,481,463	$ (144,368)	$ (134,826)	$ 7,098,705	$ 7,346,637

GOVERNMENTAL REVENUES

In total, taxes make up 87.8% of the total revenues stream. This percentage compares to 75.9% in 2013. Property taxes make up 36.2% of revenues and the local option sales taxes make up 19.7% of total revenues. These percentages compare to 29.6% and to 18.8% respectively for 2013.

Interest rates slightly decreased allowing the City to earn $3,267 in interest earnings to support governmental activities as compared to $3,979 in 2013. Also, note that program revenues cover only 9.3% of governmental operating expenses. In 2013, this percentage was 17.3%. This means that the government's taxpayers and the City's other general governmental revenues fund 90.7% of the governmental activities as compared to 82.7% in 2013. 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

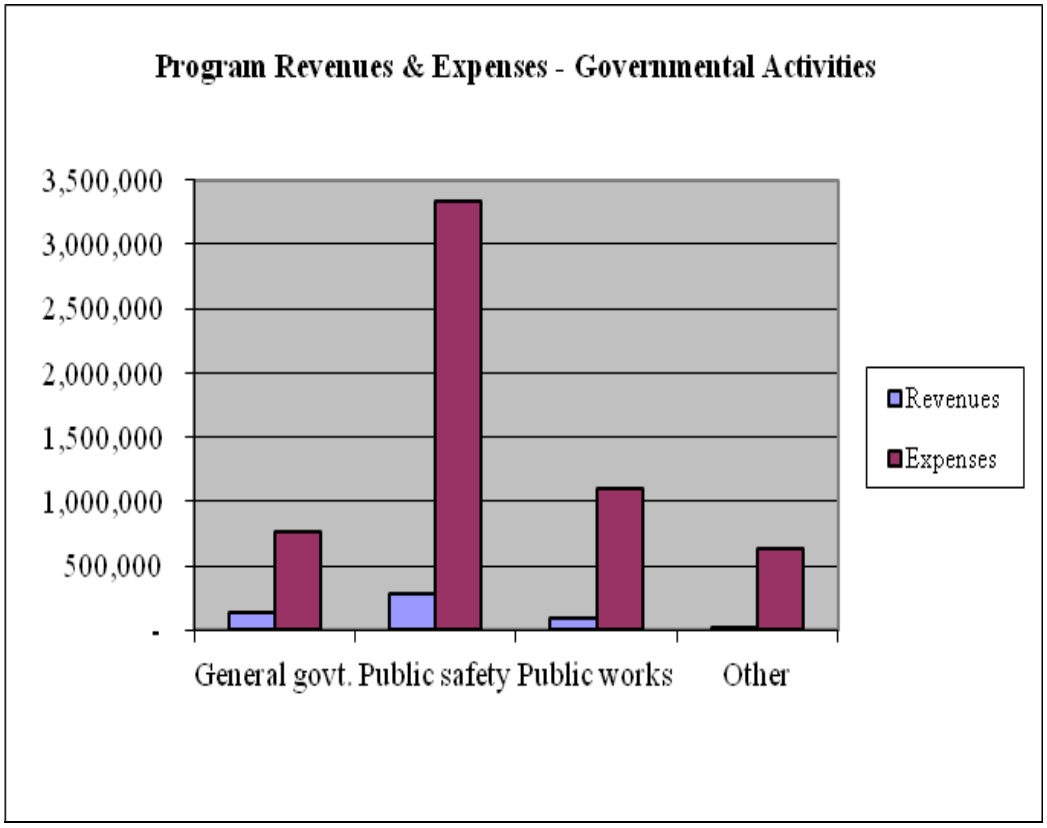
57% of the total costs relates to public safety. This percentage compares to 57.6% in 2013. Public Works expenses increased $75,030. This increase relates to a grant that the City has received which is now 100% complete.

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

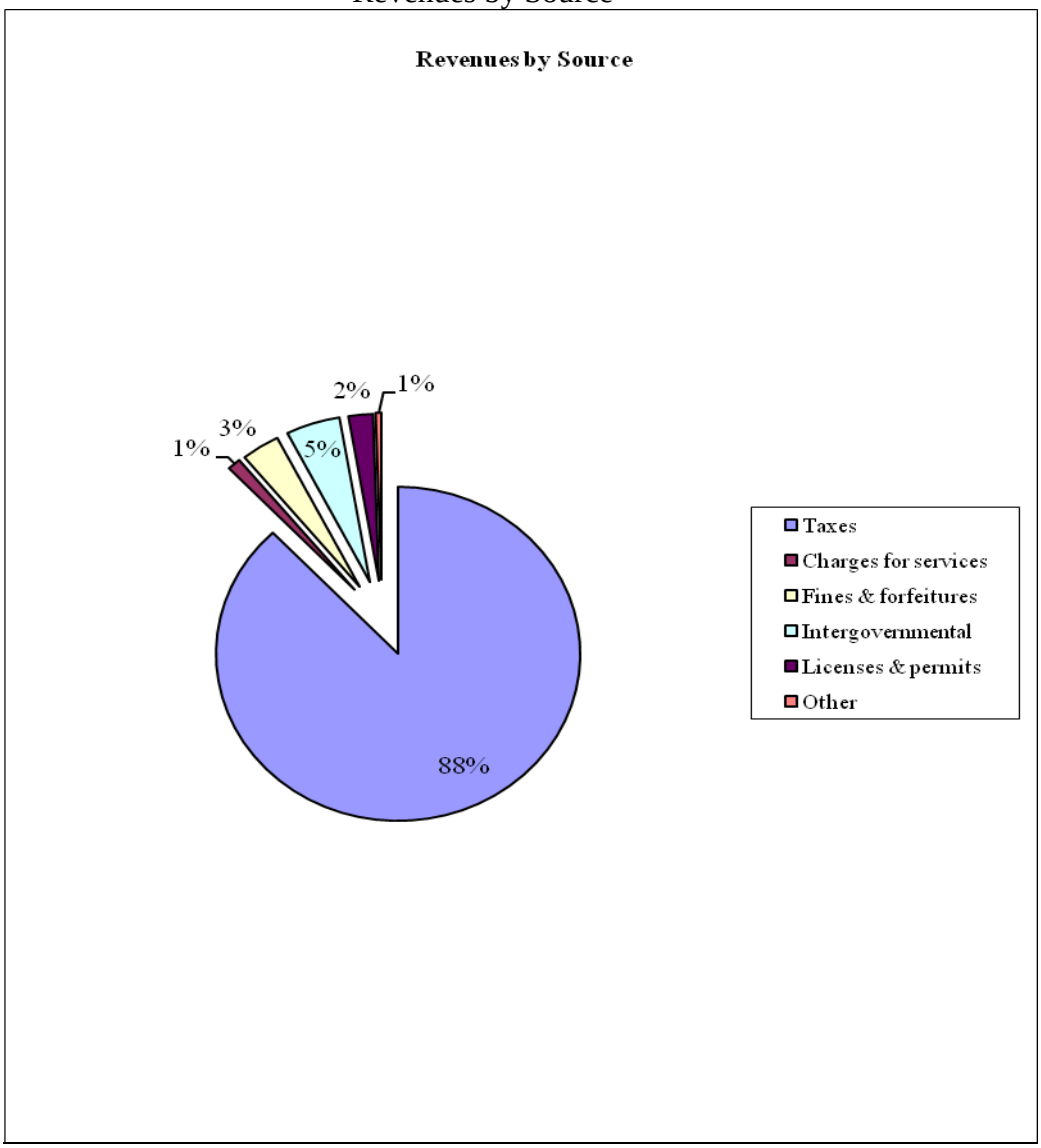
	2014		2013	
	Total Cost of Services	**Net Cost of Services**	**Total Cost of Services**	**Net Cost of Services**
General government	$ 766,429	$ 628,223	$ 643,544	$ 528,471
Judicial	66,210	66,210	56,777	56,777
Public safety	3,326,476	3,050,299	3,072,759	2,744,572
Public works	1,105,299	1,006,345	1,030,269	561,586
Culture and recreation	459,872	429,615	434,220	421,545
Housing and development	103,831	103,831	95,844	95,844
Interest	5,516	5,516	-	-
Total	$ 5,833,633	$ 5,290,039	$ 5,333,413	$ 4,408,795

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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, 2014, are ($144,368), were ($134,826) at September 30, 2013, and were ($133,590) at September 30, 2012. 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, 2014		September 30, 2013		September 30, 2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Assets:						
Current assets	$ 244,644	55%	$ 411,753	62%	$ 299,282	49%
Capital assets	199,022	45%	253,508	38%	307,994	51%
Total assets	$ 443,666	100%	$ 665,261	100%	$ 607,276	100%
Liabilities:						
Current liabilities	$ 586,089	100%	$ 798,891	100%	$ 679,858	92%
Non-current liabilities	1,945	0%	1,196	0%	61,008	8%
Total liabilities	588,034	100%	800,087	100%	740,866	100%
Net Position:						
Net investment in capital assets	199,022	-138%	193,790	-144%	105,913	-79%
Unrestricted	(343,390)	238%	(328,616)	244%	(239,503)	179%
Total net position	$ (144,368)	100%	$ (134,826)	100%	$ (133,590)	100%

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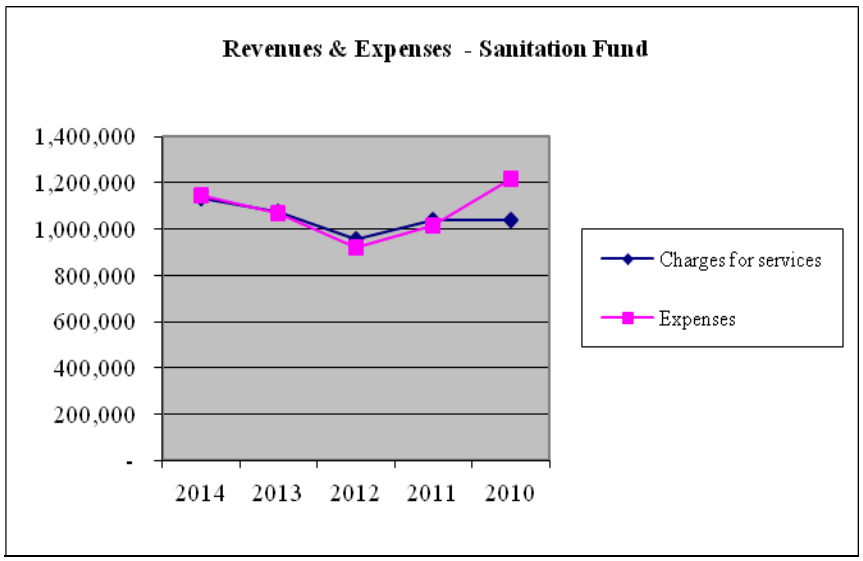
Summary of Changes in Net Position

	2014		2013		2012	
	Business-type Activities	**Percentage of Total**	**Business-type Activities**	**Percentage of Total**	**Business-type Activities**	**Percentage of Total**
Revenues:						
Charges for services	$ 1,135,638	99.9%	$ 1,073,367	99.9%	$ 958,328	99.9%
Investment earnings	621	0.1%	627	0.1%	938	0.1%
Total revenues	1,136,259	100.0%	1,073,994	100.0%	959,266	100.0%
Expenses:						
Personal services	503,438	43.9%	544,981	50.7%	444,389	48.1%
Purchased services	311,091	27.2%	265,069	24.7%	207,885	22.5%
Materials and supplies	256,413	22.4%	197,359	18.4%	206,523	22.4%
Bad debt	18,693	1.6%	6,303	0.0%	11,386	0.0%
Depreciation	54,486	4.8%	54,486	5.1%	46,938	5.1%
Interest	1,680	0.1%	7,032	0.7%	6,789	0.7%
Loss on disposal of assets	-	0.0%	-	0.0%	-	0.0%
Total expenses	1,145,801	100.0%	1,075,230	99.4%	923,910	98.8%
(Deficiency)	(9,542)		(1,236)		35,356	
Contributions	-		-		12,000	
Transfers	-		-		-	
Net change	(9,542)		(1,236)		47,356	
Beginning net position, as restate	(134,826)		(133,590)		(180,946)	
Ending net position	$ (144,368)		$ (134,826)		$ (133,590)	

BUSINESS-TYPE ACTIVITIES ANALYSIS

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 increased by $1,236. However, the beginning net assets as restated is still not able to absorb the total losses.

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



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 $2,755,616 as compared to $3,332,545 at September 30, 2013. Of the City's $2,755,616 fund balance, $74,770 is restricted for Public Safety Technology and $102,458 is restricted for SPLOST capital projects. $914,357 is assigned for Contingencies.

The total ending fund balances of governmental funds show a decrease of $576,929 or 17.3% decrease from the prior year.

Major Governmental Funds

General Fund - The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by $293,378 or 10%. In fiscal year 2013, the fund balance increased $355,681.

Total revenues increased $296,081 or 5.6% in 2014. Total taxes increased $333,020 or 7.3%. Property taxes in 2014 were up $241,287 or 13.5% compared to 2013. The local option sales taxes decreased $30,254 or 2.7%.

Expenditures in total increased $741,661 or 13.8%. General government increased $434,634 or 63%. This increase relates to a new roof and HVAC upgrades. Public safety function was up $132,039 or 4.3%. This increase relates mostly to the purchase of new patrol cars. Public Works was up $61,451 or 6.3% 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 2014, the City did not receive any additional proceeds from the County due the expiration of the tax. There was $189,800 of these taxes expended on drainage at various sites throughout the City during 2014.

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 2014, the City received $0 in tax proceeds. A total of $50,000 was expended on public safety equipment.

Budgetary Highlights

The General Fund – During the fiscal year ended September 30, 2014, 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 $673,299. This total amount was reallocated to the departments.

Budgeted revenues were amended in Insurance premium tax category to account for funds received from this tax. The budgeted amounts for Miscellaneous and Court fines were not met. However, the city exceeded budgeted amounts in the Real and Personal Property Taxes, Licenses and Permits, Charges for Services, and Intergovernmental categories. Actual revenues came in over budgeted revenues by $155,974.

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, 2014, was $4,882,050 and $199,022 respectively. The increase in this net investment was 7.8% for governmental activities and a 2.7% decrease for business-type activities. The overall increase was 1.60% 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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets						
Land	$690,882	$ 690,882	$ -	$ -	$690,882	$ 690,882
Construction in progress	4,832	-	-	-	4,832	-
Total non-depreciable assets	695,714	690,882	-	-	695,714	690,882
Depreciable assets:						
Buildings	2,369,180	2,004,267	-	-	2,639,180	2,004,267
Infrastructure	1,486,722	1,297,219			1,846,722	1,297,219
Improvements	544,458	459,194	-	-	544,458	459,194
Machinery and equipment	3,470,945	3,330,851	1,347,730	1,347,730	4,818,675	4,678,581
Total depreciable assets	7,781,305	7,091,531	1,347,730	1,347,730	9,219,035	8,439,261
Less accumulated depreciation	3,476,221	3,251,750	1,148,708	1,094,222	4,624,929	4,345,972
Book value – depreciable assets	4,395,084	3,839,781	199,022	253,508	4,594,106	4,093,289
Percentage depreciated	44%	46%	85%	81%	50%	52%
Book value – all assets	$5,090,798	$4,530,663	$ 199,022	$ 253,508	$5,289,820	$4,784,171

At September 30, 2014, the depreciable capital assets for governmental activities were 44% depreciated. The percentage at September 30, 2013 was 46%.

With the City's business-type activities, 85% of the asset values were depreciated at September 30, 2014 compared to 81% at September 30, 2013.

Long-term Debt

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Capital leases	$ 208,748	$ -	$ -	$ 59,718	$ 208,748	$ 59,718
Employer funded death benefit	213,433	218,207	-	-	213,433	218,207
Compensated absences	181,160	163,538	12,966	7,971	194,126	171,509
Total	$ 603,341	$ 381,745	$ 12,966	$ 67,689	$ 616,307	$ 449,434

During fiscal year 2014, the City Governmental Activities acquired a capital lease. The Sanitation Fund had no capital leases in fiscal year 2014.

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

Economic Conditions Affecting the City

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

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

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

City of Fort Valley, Georgia
Statement of Net Position
September 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current Assets:				
Cash and cash equivalents (Note 3A)	$ 1,809,923	$ 36,933	$ 1,846,856	$ 215,973
Investments (Note 3A)	-	-	-	9,904,213
Receivables:				
Accounts	116,371	48,013	164,384	2,486,067
Taxes	220,890	-	220,890	-
Intergovernmental	212,893	159,698	372,591	1,084
Interest	-	-	-	5,298
Internal	563,206	(563,206)	-	-
Inventory	-	-	-	579,717
Prepaid items	-	-	-	101,960
Non-current Assets:				
Restricted assets	-	-	-	2,835,546
Capital assets: (Note 3D)				
Non-depreciable capital assets	695,714	-	695,714	1,341,489
Depreciable capital assets, net	4,395,084	199,022	4,594,106	28,412,958
Total Assets	8,014,081	(119,540)	7,894,541	45,884,305
Liabilities:				
Current Liabilities:				
Accounts payable	136,929	11,862	148,791	1,499,304
Accrued expenses	25,109	-	25,109	89,536
Retainage payable	-	-	-	13,538
Intergovernmental payable	5,629	-	5,629	163,852
Sales taxes payable	-	-	-	49,154
Unearned revenue	-	-	-	10,640
Compensated absences payable	72,464	11,021	83,485	173,102
Construction loan payable	-	-	-	402,372
Intergovernmental notes payable	-	-	-	136,075
Notes payable	-	-	-	317,463
Capital leases payable	20,053	-	20,053	-
Long-term Liabilities: (Note 3F)				
Customer deposits	-	-	-	462,517
Compensated absences payable (net of current portion)	108,696	1,945	110,641	86,811
Accrued death benefits payable	213,433	-	213,433	-
Capital leases payable (net of current portion)	188,695	-	188,695	-
Notes payable (net of current portion)	-	-	-	2,461,443
Total Liabilities	771,008	24,828	795,836	5,865,807
Net Position:				
Net investment in capital assets (Note 3H)	4,882,050	199,022	5,081,072	26,573,169
Restricted for:				
Capital projects	102,458	-	102,458	-
Program purposes	3,202	-	3,202	-
New electric generation	-	-	-	1,077,537
Restricted for pledged collateral - construction loan	-	-	-	1,758,009
Unrestricted	2,255,363	(343,390)	1,911,973	10,609,783
Total Net Position	$ 7,243,073	$ (144,368)	$ 7,098,705	$ 40,018,498

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Statement of Activities
For the Year Ended September 30, 2014

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	$ 766,429	$ 121,206	$ 17,000	$ -
Judicial	66,210	-	-	-
Public safety	3,326,476	206,335	61,741	8,101
Public works	1,105,299	25,078	-	73,876
Culture and recreation	459,872	25,425	-	4,832
Housing and development	103,831	-	-	-
Interest	5,516	-	-	-
Total Governmental Activities	5,833,633	378,044	78,741	86,809
Business-type Activities				
Sanitation	1,145,801	1,135,638	-	-
Total Primary Government	$ 6,979,434	$ 1,513,682	$ 78,741	$ 86,809
Component Units				
Fort Valley Utility Commission	21,376,757	21,167,522	-	45,450
Main Street/Downtown Development Authority	205,486	62,204	110,000	1,000
Total Component Units	$ 21,582,243	$ 21,229,726	$ 110,000	$ 46,450
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
$ (628,223)	$ -	$ (628,223)	$ -
(66,210)	-	(66,210)	-
(3,050,299)	-	(3,050,299)	-
(1,006,345)	-	(1,006,345)	-
(429,615)	-	(429,615)	-
(103,831)	-	(103,831)	-
(5,516)	-	(5,516)	-
(5,290,039)	-	(5,290,039)	-
-	(10,163)	(10,163)	-
(5,290,039)	(10,163)	(5,300,202)	-
-	-	-	(163,785)
-	-	-	(32,282)
-	-	-	(196,067)
2,024,582	-	2,024,582	-
145,152	-	145,152	-
1,105,026	-	1,105,026	-
506,297	-	506,297	-
1,107,473	-	1,107,473	-
21,731	-	21,731	-
120,000	-	120,000	-
3,267	621	3,888	145,845
8,080	-	8,080	1,079,751
10,041	-	10,041	-
5,051,649	621	5,052,270	1,225,596
-	-	-	-
5,051,649	621	5,052,270	1,225,596
(238,390)	(9,542)	(247,932)	1,029,529
7,481,463	(134,826)	7,346,637	38,988,969
$ 7,243,073	$ (144,368)	$ 7,098,705	$ 40,018,498

City of Fort Valley, Georgia
Balance Sheet
Governmental Funds
September 30, 2014

	General	2004 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 1,688,434	$ 41,349	$ 80,140	$ 1,809,923
Receivables:				
Accounts	116,371	-	-	116,371
Taxes	218,937	-	1,953	220,890
Intergovernmental	196,976	-	15,917	212,893
Interfund	594,871	-	-	594,871
Total Assets	$ 2,815,589	$ 41,349	$ 98,010	$ 2,954,948
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 134,895	$ -	$ 2,034	$ 136,929
Accrued expenditures	25,109	-	-	25,109
Intergovernmental payable	5,629	-	-	5,629
Interfund payable	-	31,665	-	31,665
Total Liabilities	165,633	31,665	2,034	199,332
Fund Balances:				
Restricted for:				
Public safety technology	74,770	-	-	74,770
SPLOST capital projects	-	9,684	92,774	102,458
Assigned for:				
Contingencies	914,357	-	-	914,357
Other	-	-	3,202	3,202
Unassigned	1,660,829	-	-	1,660,829
Total Fund Balances	2,649,956	9,684	95,976	2,755,616
Total Liabilities and Fund Balances	$ 2,815,589	$ 41,349	$ 98,010	$ 2,954,948

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, 2014

Total Governmental Fund Balances		$ 2,755,616
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 8,567,019	
Less accumulated depreciation	(3,476,221)	5,090,798
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	$ (31,665)	
Interfund payables	31,665	-
Liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital leases	$ (208,748)	
Compensated absences	(181,160)	
Accrued death benefits	(213,433)	(603,341)
Net Position of Governmental Activities		$ 7,243,073

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, 2014

	General	2004 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 4,888,529	$ -	$ 21,731	$ 4,910,260
Licenses and permits	121,206	-	-	121,206
Intergovernmental	268,306	-	-	268,306
Charges for services	66,457	-	-	66,457
Fines and forfeitures	190,381	-	-	190,381
Investment earnings	3,267	141	103	3,511
Contributions	17,000	-	-	17,000
Miscellaneous	8,074	-	-	8,074
Total Revenues	5,563,220	141	21,834	5,585,195
Expenditures:				
Current:				
General government	1,124,367	-	-	1,124,367
Judicial	65,761	-	-	65,761
Public safety	3,223,380	-	-	3,223,380
Public works	1,043,093	-	47,045	1,090,138
Culture and recreation	528,121	-	-	528,121
Housing and development	98,854	-	4,976	103,830
Capital Outlay	-	189,800	50,000	239,800
Debt Service:				
Principal retirement	16,252	-	-	16,252
Interest and fiscal charges	5,516	-	-	5,516
Total Expenditures	6,105,344	189,800	102,021	6,397,165
Excess (Deficiency) of Revenues Over (Under) Expenditures	(542,124)	(189,659)	(80,187)	(811,970)
Other Financing Sources (Uses):				
Sale of capital assets	10,041	-	-	10,041
Inception of capital lease	225,000	-	-	225,000
Transfers in	13,705	-	-	13,705
Transfers out	-	-	(13,705)	(13,705)
Total Other Financing Sources (Uses)	248,746	-	(13,705)	235,041
Net Change in Fund Balances	(293,378)	(189,659)	(93,892)	(576,929)
Fund Balances, Beginning of Year	2,943,334	199,343	189,868	3,332,545
Fund Balances, End of Year	$ 2,649,956	$ 9,684	$ 95,976	$ 2,755,616

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, 2014

Net Changes in Fund Balances - Total Governmental Funds		$ (576,929)
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	$ (253,919)	
Capital outlay	814,054	$ 560,135
The inception of capital leases are reported as an other financing source on the governmental fund's operating statement but reported as a liability on the government-wide statement of net position.		(225,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		16,252
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 @ 9/30/13	$ 218,207	
Liability @ 9/30/14	(213,433)	4,774
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 @ 9/30/13	$ 163,538	
Liability @ 9/30/14	(181,160)	(17,622)
Change in Net Position of Governmental Activities		$ (238,390)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 4,806,509	$ 4,842,006	$ 4,888,529	$ 46,523
Licenses and permits	104,000	104,000	121,206	17,206
Intergovernmental	108,500	108,500	268,306	159,806
Charges for services	45,225	45,225	66,457	21,232
Fines and forfeitures	243,500	243,500	190,381	(53,119)
Investment earnings	5,000	5,000	3,267	(1,733)
Contributions	-	-	17,000	17,000
Miscellaneous	12,000	59,015	8,074	(50,941)
Total Revenues	5,324,734	5,407,246	5,563,220	155,974
Expenditures:				
Current:				
General government	643,322	1,162,673	1,124,367	(38,306)
Judicial	50,605	65,765	65,761	(4)
Public safety	2,634,379	3,223,380	3,223,380	-
Public works	766,494	1,043,093	1,043,093	-
Culture and recreation	374,921	528,121	528,121	-
Housing and development	96,315	98,854	98,854	-
Health insurance	673,299	-	-	-
Debt Service:				
Principal retirement	32,609	32,609	16,252	(16,357)
Interest and fiscal charges	17,293	17,293	5,516	(11,777)
Total Expenditures	5,289,237	6,171,788	6,105,344	(66,444)
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,497	(764,542)	(542,124)	222,418
Other Financing Sources:				
Sale of capital assets	-	-	10,041	10,041
Inception of capital lease	-	225,000	225,000	-
Transfers in	-	-	13,705	13,705
Total Other Financing Sources	-	225,000	248,746	23,746
Net Change in Fund Balances	35,497	(539,542)	(293,378)	246,164
Fund Balances, Beginning of Year	2,943,334	2,943,334	2,943,334	-
Fund Balances, End of Year	$ 2,978,831	$ 2,403,792	$ 2,649,956	$ 246,164

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Comparative Statement of Net Position
Proprietary Fund - Sanitation Fund
September 30, 2014 and 2013

Assets:	**2014**	**2013**
Current Assets:		
Cash and cash equivalents	$ 36,933	$ 200,742
Receivables:		
Accounts	48,013	51,152
Intergovernmental	159,698	159,859
Total Current Assets	244,644	411,753
Non-current Assets:		
Capital Assets:		
Depreciable capital assets, net	199,022	253,508
Total Assets	443,666	665,261
Liabilities:		
Current Liabilities:		
Accounts payable	11,862	16,389
Interfund payable	563,206	713,658
Accrued interest	-	2,351
Compensated absences payable	11,021	6,775
Capital leases payable	-	59,718
Total Current Liabilities	586,089	798,891
Long-term Liabilities:		
Compensated absences payable (net of current portion)	1,945	1,196
Total Long-term Liabilities	1,945	1,196
Total Liabilities	588,034	800,087
Net Position:		
Net investment in capital assets	199,022	193,790
Unrestricted	(343,390)	(328,616)
Total Net Position	$ (144,368)	$ (134,826)

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, 2014 and 2013

	2014	2013
Operating Revenues:		
Charges for services	$ 1,135,638	$ 1,073,367
Operating Expenses:		
Personal services	503,438	544,981
Purchased services	311,091	265,069
Materials and supplies	256,413	197,359
Bad Debt	18,693	6,303
Depreciation	54,486	54,486
Total Operating Expenses	1,144,121	1,068,198
Operating (Loss)	(8,483)	5,169
Non-operating Revenues (Expenses):		
Interest and fiscal charges	(1,680)	(7,032)
Investment earnings	621	627
Total Non-operating Revenues	(1,059)	(6,405)
Change in Net Position	(9,542)	(1,236)
Net Position, Beginning of Year	(134,826)	(133,590)
Net Position, End of Year	$ (144,368)	$ (134,826)

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, 2014 and 2013

	2014	2013
Increase in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from customers	$ 1,120,245	$ 1,066,805
Cash payments to employees for services	(498,443)	(551,733)
Cash payments for goods and services	(572,031)	(467,240)
Net Cash Provided by (Used in) Operating Activities	49,771	47,832
Cash Flows from Non-capital Financing Activities:		
Interfund payable	(150,452)	213,832
Net Cash Provided by (Used in) Non-capital Financing Activities	(150,452)	213,832
Cash Flows from Capital and Related Financing Activities:		
Principal paid on notes	(59,718)	(142,363)
Interest paid on notes	(4,031)	(7,716)
Net Cash (Used in) Capital and Related Financing Activities	(63,749)	(150,079)
Cash Flows from Investing Activities:		
Investment earnings	621	627
Net Increase (Decrease) in Cash and Cash Equivalents	(163,809)	112,212
Cash and Cash Equivalents, Beginning of Year	200,742	88,530
Cash and Cash Equivalents, End of Year	$ 36,933	$ 200,742
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (Loss)	$ (8,483)	$ 5,169
Adjustments:		
Depreciation	54,486	54,486
(Increase) Decrease in Assets:		
Accounts receivable	3,139	8,339
Intergovernmental receivable	161	(8,598)
Increase (Decrease) in Liabilities:		
Accounts payable	(4,527)	(4,812)
Accrued expenses	-	(6,122)
Compensated absences payable	4,995	(630)
Net Cash Provided by (Used in) Operating Activities	$ 49,771	$ 47,832

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, 2014 and 2013

	2014	2013
Assets:		
Cash and cash equivalents	$ 35,755	$ 35,900
Total Assets	$ 35,755	$ 35,900
Net Position:		
Held in trust for library purposes	$ 35,755	$ 35,900

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, 2014 and 2013

	2014	2013
Additions:		
Investment earnings	$ 148	$ 148
Deductions:		
Culture and recreation	293	208
Change in Net Position	(145)	(60)
Net Position, Beginning of Year	35,900	35,960
Net Position, End of Year	$ 35,755	$ 35,900

See accompanying notes to the basic financial statements.

City of Fort Valley, Georgia
Combining Statement of Net Position
Component Units
September 30, 2014

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Assets:			
Cash and cash equivalents (Note 3-A)	$ 43,657	$ 172,316	$ 215,973
Investments (Note 3-A):	-	9,904,213	9,904,213
Receivables:			
Accounts (net of allowance for uncollectibles):	8,342	2,477,725	2,486,067
Intergovernmental	1,084	-	1,084
Interest	-	5,298	5,298
Inventory (Note 1-E-4)	-	579,717	579,717
Prepaid expenses (Note 1-E-5)	-	101,960	101,960
Total Current Assets	53,083	13,241,229	13,294,312
Non-current Assets:			
Restricted assets (Note 1-E-6)	-	2,835,546	2,835,546
Capital assets: (Note 3-D)			
Non-depreciable	570,142	771,347	1,341,489
Depreciable, net	1,459,349	26,953,609	28,412,958
Total Non-current Assets	2,029,491	30,560,502	32,589,993
Total Assets	2,082,574	43,801,731	45,884,305
Liabilities:			
Current Liabilities:			
Accounts payable	1,841	1,497,463	1,499,304
Retainage payable	-	13,538	13,538
Accrued payroll	-	80,124	80,124
Payroll deductions payable	-	9,412	9,412
Sales taxes payable	-	49,154	49,154
Intergovernmental payable	5,610	158,242	163,852
Unearned revenue	10,640	-	10,640
Compensated absences payable	-	173,102	173,102
Construction loan payable (Note 3-J)	-	402,372	402,372
Intergovernmental notes payable	136,075	-	136,075
Notes payable (Note 3-F)	49,479	267,984	317,463
Total Current Liabilities	203,645	2,651,391	2,855,036
Non-current Liabilities:			
Customer deposits payable from restricted assets	-	462,517	462,517
Compensated absences payable (net of current portion)	-	86,811	86,811
Notes payable (net of current portion) (Note 3-F)	36,044	2,425,399	2,461,443
Total Non-current Liabilities	36,044	2,974,727	3,010,771
Total Liabilities	239,689	5,626,118	5,865,807
Net Position:			
Net investment in capital assets	1,943,968	24,629,201	26,573,169
Restricted for new electric generation	-	1,077,537	1,077,537
Restricted for pledged collateral - construction loan (Note 1-E-6)	-	1,758,009	1,758,009
Unrestricted	(101,083)	10,710,866	10,609,783
Total Net Position	$ 1,842,885	$ 38,175,613	$ 40,018,498

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, 2014

	Main Street DDA Authority	Fort Valley Utility Commission	Total
Expenses:			
General government	$ 205,486	$ -	$ 205,486
Utilities	-	21,376,757	21,376,757
Total Expenses	205,486	21,376,757	21,582,243
Revenues:			
Program:			
Charges for services	62,204	21,167,522	21,229,726
Operating grants and contributions	110,000	-	110,000
Capital grants and contributions	1,000	45,450	46,450
Total Program Revenues	173,204	21,212,972	21,386,176
Net Program (Expense) Revenue	(32,282)	(163,785)	(196,067)
General Revenues:			
Investment earnings	-	145,845	145,845
Miscellaneous	-	1,079,751	1,079,751
Total General Revenues	-	1,225,596	1,225,596
Change in Net Position	(32,282)	1,061,811	1,029,529
Net Position, Beginning of Year	1,875,167	37,113,802	38,988,969
Net Position, End of Year	$ 1,842,885	$ 38,175,613	$ 40,018,498

See accompanying notes to the basic financial statements.

Index

Summary of Significant Accounting Policies 1
Reporting Entity 1-A
Basis of Presentation 1-B
Measurement Focus 1-C
Basis of Accounting 1-D
Assets, Liabilities and Fund Equity 1-E
Cash, Cash Equivalents and Investments 1-E-1
Receivables 1-E-2
Interfund Balances 1-E-3
Consumable Inventories – Utility Commission 1-E-4
Prepaid Items – Utility Commission 1-E-5
Restricted Assets – Utility Commission 1-E-6
Capital Assets 1-E-7
Compensated Absences 1-E-8
Deferred Outflows/Inflows of Resources 1-E-9
Accrued Liabilities and Long-term Obligations 1-E-10
Fund Equity 1-E-11
Operating Revenues and Expenses 1-E-12
Interfund Activity 1-E-13
Estimates 1-E-14
Comparative Data 1-E-15

Stewardship, Compliance and Accountability 2
Budgetary Information 2-A
Fund Balance/Net Position Deficit 2-B

Detailed Notes on All Funds 3
Deposits and Investments 3-A
Receivables 3-B
Property Taxes 3-C
Capital Assets 3-D
Interfund Balances and Transfers 3-E
Long-term Debt 3-F
Pensions 3-G
Net Investments in Capital Assets 3-H
Fund Equity 3-I
Construction Loan Payable – Utility Commission 3-J

Other Notes 4
Contract Commitments – Utility Commission 4-A
Risk Management 4-B
Contingent Liabilities 4-C
Environmental Remediation 4-D
Related Organizations 4-E
Joint Ventures 4-F
Hotel/Motel Tax 4-G
Subsequent Events 4-H

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, 2014.

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, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

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

Restricted assets consist of the new generation and capacity funding account ($1,077,537) 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. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City did not have any items that qualified for reporting in this category.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

1-E-11. Fund Equity

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

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

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

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

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

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

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

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

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

- Committed
- Assigned
- Unassigned

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

1-E-12. 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-13. 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-14. 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-15. Comparative Data

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

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

Note 2 – Stewardship, Compliance and Accountability (continued)

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 - $144,368.

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, 2014 were entirely insured or collateralized with securities held by the City's agent in the City's name. At September 30, 2014, the bank balances were $2,035,313. 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, 2014, all bank balances were entirely insured or collateralized. In October 2011 the Utility Commission elected to secure its deposits in a pool of pledged securities established and maintained by CB&T Bank of Middle Georgia, a division of Synovus Bank, in accordance with Georgia Uniform Commercial Code Chapter 8, Title 45, Code Section 45-8-1 and administered under the direction of the Georgia Office of Treasury and Fiscal Services. At September 30, 2014, the bank balances were $493,687.

Main Street/DDA – Deposits – At September 30, 2014, all of the Main Street/DDA's bank balances were entirely FDIC insured. At September 30, 2014, the bank balances were $45,806.

Investments

Fort Valley Utility Commission

At September 30, 2014, 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	17,646			
Municipal Competitive Trust	10,964,104			
Total	$ 12,739,759			

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, 2014, 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 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, 2014:

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

3-B. Receivables

Receivables at September 30, 2014, 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, 2014, was as follows:

Governmental activities	Balance 09/30/13	Additions	Deletions	Balance 09/30/14	Accumulated Depreciation 09/30/14	Book Value 9/30/14
Non-depreciable capital assets:						
Land	$ 690,882	$ -	$ -	$ 690,882	$ -	$ 690,882
Construction in progress	-	4,832	-	4,832	-	4,832
Total non-depreciable capital assets	690,882	4,832	-	695,714	-	695,714
Depreciable capital assets:						
Buildings	2,004,267	364,913	-	2,369,180	379,542	1,989,638
Infrastructure	1,297,219	189,503	-	1,486,722	186,367	1,300,355
Improvements	459,194	85,264	-	544,458	184,068	360,390
Machinery and equipment	3,330,851	169,542	29,448	3,470,945	2,726,244	744,701
Total depreciable capital assets	7,091,531	809,222	29,448	7,871,305	3,476,221	4,395,084
Total capital assets	$ 7,782,413	$ 814,054	$ 29,448	$ 8,567,019	$ 3,476,221	$ 5,090,798

Accumulated Depreciation:	Balance 09/30/13	Additions	Deletions	Balance 09/30/14
Buildings	$ 358,815	$ 20,727	$ -	$ 379,542
Infrastructure	121,506	64,861	-	186,367
Improvements	165,392	18,676	-	184,068
Machinery and equipment	2,606,037	149,655	29,448	2,726,244
Total accumulated depreciation	$ 3,251,750	$ 253,919	$ 29,448	$ 3,476,221

Governmental activities depreciation expense:

General government	$ 7,035
Public safety	103,483
Public works	116,936
Culture and recreation	26,465
Total governmental activities depreciation expense	$ 253,919

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for business-type activities for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Deletions	Balance 9/30/2014
Business-type activities:				
Depreciable capital assets:				
Machinery and equipment	$ 1,347,730	$ -	$ -	$ 1,347,730
Accumulated depreciation:				
Machinery and equipment	1,094,222	54,486	-	1,148,708
Capital assets - net	$ 253,508	$ (54,486)	$ -	$ 199,022

Capital asset activity for Main Street/DDA component unit for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Deductions	Balance 9/30/2014
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	1,844,821	-	-	1,844,821
Improvements	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total depreciable capital assets	1,871,560	-	-	1,871,560
Total capital assets	2,441,702	-	-	2,441,702
Accumulated depreciation:				
Buildings	324,756	67,426	-	392,182
Improvements	7,930	610	-	8,540
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	344,176	68,036	-	412,212
Main Street/DDA capital assets, net	$ 2,097,526	$ (68,036)	$ -	$ 2,029,490

Note 3 - Detailed Notes on All Funds (continued)

Capital asset activity for the Utility Commission component unit for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Deductions	Balance 9/30/2014
Utility Commission component unit				
Non-depreciable capital assets:				
Land	$ 133,761	$ 12,725	$ -	$ 146,486
Construction in progress	437,817	256,931	69,888	624,859
Total non-depreciable capital assets	571,578	269,656	69,888	771,345
Depreciable capital assets:				
Building	335,744	-	-	335,744
Distribution system	43,629,073	1,041,531	507,375	44,163,230
Machinery and equipment	3,756,107	340,903	113,793	3,983,217
Intangibles	277,484	-	-	277,484
Total depreciable capital assets	47,998,408	1,382,434	621,168	48,759,675
Total capital assets	48,569,986	1,652,090	691,056	49,531,020
Accumulated depreciation:				
Building	231,343	4,475	-	235,818
Distribution system	17,967,430	892,066	346,139	18,513,357
Machinery and equipment	2,728,089	175,008	94,603	2,808,494
Intangibles	221,478	26,917	-	248,395
Total accumulated depreciation	21,148,340	1,098,466	440,742	21,806,064
Utility Commission capital assets, net	$ 27,421,646	$ 553,624	$ 250,314	$ 27,724,956

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2014, 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	$ 31,665	$ 563,206	$ 594,871
Total	$ 31,665	$ 563,206	$ 594,871

Note 3 - Detailed Notes on All Funds (continued)

Interfund transfers for the year ended September 30, 2014, consisted of the following:

	Transfer From:	
Transfer to:	**Non-major Governmental Funds**	**Total**
General fund	$ 13,705	$ 13,705
Total	$ 13,705	$ 13,705

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

City Governmental Activities' Capital Leases – At September 30, 2014, the City is obligated under one capital lease for capital assets belonging to governmental activities.

During the year ending September 30, 2014, the City entered into a lease agreement for an Energy Savings Project which included the installation of a new roof and HVAC system for City Hall. The lease agreement qualifies as a capital lease for accounting purposes. The roof installation and HVAC system were purchased in the general fund in November of 2013. The original cost of the project was $306,000 and the amount obtained from the capital lease was $225,000. This year, $1,500 was included in depreciation expense. The following is a schedule of the future minimum lease payments for the project:

Year	Principal	Interest	Total
2015	20,053	6,068	26,121
2016	20,671	5,450	26,121
2017	21,309	4,812	26,121
2018	21,966	4,155	26,121
2019	22,643	3,478	26,121
2020-2024	102,106	6,733	108,839
Total	$ 208,748	$ 30,696	$ 239,444

City Business-type Activities' Capital Leases – During September 30, 2014, the City retired its only capital lease for capital assets belonging to business-type activities. The City was 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. This year, $12,286 was included in depreciation expense and $68,594 in accumulated depreciation.

Note 3 - Detailed Notes on All Funds (continued)

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

Year	Principal	Interest	Total
2015	3,680	1,589	5,269
2016	3,840	1,428	5,268
2017	4,007	1,261	5,268
2018	4,180	1,086	5,266
2019	24,017	82	24,099
Total	$ 39,724	$ 5,446	$ 45,170

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
2015	45,799	2,034	47,833
Total	$ 45,799	$ 2,034	$ 47,833

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

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

The Utility Commission did not guarantee the renewal of the note to SunMark Community Bank on behalf of the Fort Valley Main Street Downtown Development Authority. In consideration of the payment by the Utility Commission in the amount of $147,626 SunMark Community Bank transferred, assigned and conveyed to the Utility Commission all of its right, title, and interest in, to and under the certain Promissory Note dated May 2, 2011, between Fort Valley Main Street Downtown Development Authority, as Promissor and SunMark Community Bank, as Promissee, on June 13, 2014.

Note 3 - Detailed Notes on All Funds (continued)

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

As a result of the above circumstances, the Main Street/DDA has recorded an intergovernmental note payable, in the amount of $136,075. The Utility Commission has recorded an intergovernmental note receivable, in the amount of $136,075; and, recorded an offsetting allowance for uncollectibles in an amount equal to the intergovernmental note receivable.

Utility Commission Notes Payable – At September 30, 2014, the Utility Commission has three loans outstanding with the Georgia Environmental Finance Authority (GEFA) and two with the Georgia Environmental Loan Acquisition Corporation (GELAC).

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

Annual debt service requirements to amortize this loan as of September 30, 2014 follow:

Fiscal Year	Principal
2015	163,454
2016	163,454
2017	163,454
2018	163,454
2019	163,454
2020-2021	245,181
Total	$ 1,062,451

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, 2014 follow:

Year	Principal	Interest	Total
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	36,069	2,364	38,433
2020-2021	56,167	1,484	57,651
Total	$ 226,200	$ 23,616	$ 249,816

Note 3 - Detailed Notes on All Funds (continued)

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

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

Annual debt service requirements to amortize this loan as of September 30, 2014 follow:

Year	Principal	Interest	Total
2015	35,073	26,976	62,049
2016	36,525	25,528	62,053
2017	38,106	23,946	62,052
2018	39,683	22,369	62,052
2019	41,349	20,703	62,052
2020-2024	234,279	75,984	310,263
2025-2029	245,799	23,049	268,848
Total	$ 670,814	$ 218,555	$ 889,369

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, 2014 follow:

Year	Principal	Interest	Total
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	15,806	3,138	18,944
2020-2024	83,690	11,029	94,719
2025-2028	72,898	2,859	75,757
Total	$ 232,701	$ 32,495	$ 265,196

Note 3 - Detailed Notes on All Funds (continued)

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

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

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

Annual debt service requirements to amortize this loan as of September 30, 2014 follow:

Year	Principal	Interest	Total
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	26,858	16,068	42,926
2020-2024	152,090	62,543	214,633
2025-2029	186,629	28,004	214,633
	38,555	795	39,350
Total	$ 501,217	$ 182,032	$ 683,249

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

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, 2014:

	Outstanding 10/01/2013	Additions	Reductions	Outstanding 09/30/2014	Amount Due in One Year
Governmental activities:					
Capital leases	$ -	$ 225,000	$ 16,252	$ 208,748	$ 20,053
Employer funded death benefit	218,207	818	5,592	213,433	-
Compensated absences	163,538	93,173	75,551	181,160	72,464
Total governmental activities	$ 381,745	$ 318,991	$ 97,395	$ 603,341	$ 92,517
Business-type activities:					
Capital leases	$ 59,718	$ -	$ 59,718	-	$ -
Compensated absences	7,971	11,472	6,477	12,966	11,021
Total business-type activities	$ 67,689	$ 11,472	$ 66,195	$ 12,966	$ 11,021
Main Street/DDA:					
Loan payable	$ 241,812	$ 4,530	$ 160,819	$ 85,523	$ 49,479
Intergovernmental Note Payable	-	136,075	-	136,075	136,075
Total Main Street/DDA	$ 241,812	$ 140,605	$ 160,819	$ 221,598	$ 185,554
Utility Commission:					
GEFA loan - DW97-027	$ 1,225,905	$ -	$ 163,454	$ 1,062,451	$ 163,454
GEFA loan - DW97-027A	257,263	-	31,063	226,200	32,005
GELAC loan - 2006-L58WQ	704,472	-	33,658	670,814	35,073
GEFA loan - DWSRF 04-004	247,076	-	14,375	232,701	14,650
GELAC loan - 2007 L42WQ	523,105	-	21,888	501,217	22,802
Polytec, Inc. - Capital Lease	6,543	-	6,543	-	-
Compensated absences	230,662	192,001	162,750	259,913	173,102
Total Utility Commission	$ 3,195,026	$ 192,001	$ 433,731	$ 2,953,296	$ 441,086

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

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Note 3 - Detailed Notes on All Funds (continued)

3-G. Pensions

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

City Retirement Plan -

Plan Description – The City contributes to the General Municipal Employees Benefit System (GMEBS), an agent multiple-employer 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

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.

Annual Pension Cost and Actuarial Methods – For 2014, 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, 2014, 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 10 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.

Note 3 - Detailed Notes on All Funds (continued)

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)
1/1/2014	3,329,507	4,135,753	80.51%	806,246	1,868,908	43.14%

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
2012	186,007	100%	-
2013	211,097	100%	-
2014	224,278	100%	-

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 2014, the Utility Commission's annual pension costs of $276,637 was equal to the Utility Commission's required and actual contributions. The Utility Commission's contribution rates were 10.07% of the expected payroll for covered employees for fiscal year 2014.

Note 3 - Detailed Notes on All Funds (continued)

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
10/01/09	4,613,269	5,323,081	86.67%	709,812	2,518,493	28.18%
01/01/10	4,924,315	5,430,378	90.68%	506,063	2,518,493	20.09%
01/01/11	5,252,973	5,801,534	90.54%	548,561	2,445,297	22.43%
01/01/12	5,487,275	6,327,327	86.72%	840,052	2,561,787	32.79%
01/01/13	5,774,573	6,432,558	89.77%	657,985	2,693,503	24.43%
01/01/14	6,199,470	6,803,396	91.12%	603,926	2,678,108	22.55%

Schedule of Employer Contributions

Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2012	289,859	100%	-
2013	280,703	100%	-
2014	276,637	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, 2014	January 1, 2013	January 1, 2012
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 10 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%

Note 3 - Detailed Notes on All Funds (continued)

3-H. Net Investment in Capital Assets

Net position on the City-wide statement of net position as of September 30, 2014 is as follows:

Net Investment in capital assets:	Governmental Activities	Business-type Activities	Component Units
Cost of capital assets	$ 8,567,019	$ 1,347,730	$ 51,972,722
Less accumulated depreciation	3,476,221	1,148,708	22,218,276
Book value	5,090,798	199,022	29,754,446
Less capital related debt	208,748	-	3,317,352
Net Investment in capital assets	$ 4,882,050	$ 199,022	$ 26,437,094

3-I. Fund Equity

Fund Balances:

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

General Fund:	
Public safety technology	$ 74,770
Capital Projects Fund:	
Special Local Option Sales Tax Fund (SPLOST) used to account for capital projects financed with SPLOST.	$ 102,458

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

General Fund:	
Contingencies	$ 914,357
Special Revenue Funds:	
Hotel / Motel Fund	$ 3,202

- **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.

Note 3 - Detailed Notes on All Funds (continued)

3-J. Construction Loan Payable – Utility Commission

On July 19, 2013, the Utility Commission entered into a construction loan with CB&T, a division of Synovus Bank with a maximum borrowing of $2,387,000 at an interest rate of 1.4%, due January 19, 2015. 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, 2014 is $402,372. The construction loan will be renewed in 2015.

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 $67,824,903 at September 30, 2014. The contingent obligations are general obligations of the Utility Commission and the City to which the City's full faith, credit and taxing powers are pledged.

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

The flexible operating trust account includes funds that are available for withdrawal at the discretion of the Utility Commission. This amount is included in investments and totals $9,787,817 at September 30, 2014. 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, 2014 were $132 and $3,545,946. Due to the restrictions on the use of these two accounts, they are not presented on the comparative statement of net position.

Credits from the Municipal Competitive Trust for Power Supply Year 2014 – In accordance with the First Amendment of the Municipal Competitive Trust, MEAG Power withdrew funds from the credit support operation account and the reserve funded debt account on behalf of the Participants for the purpose of lowering the annual generation charges for the period of January 1, 2009 through December 31, 2018. The annual amount for the Utility Commission for 2009 was $1,202,727. The annual amount for the Utility Commission for 2010 was $1,157,508. The annual amount for the Utility Commission for 2011 was $1,387,086. The annual amount for the Utility Commission for 2012 was $769,170. The annual amount for the Utility Commission for 2013 was $1,463,662. The annual amount for the Utility Commission for 2014 was $1,427,702. The annual amount for the Utility Commission for 2015 is $1,183,043.

Note 4 – Other Notes (continued)

In accordance with the Second Amendment of the Municipal Competitive Trust, effective August 10, 2009, MEAG Power amended the restrictions and broadened the circumstances under which a Participant may withdraw funds from the New Generation Trust, which was established earlier in 2009 to provide for the future funding of the construction of new power generation facilities, including, but not limited to the Plant Vogtle expansion project. The voluntary funding of the New Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account is displayed as a restricted investment asset in the comparative statement of net position. The amounts were $1,057,312 for 2014.

Georgia Public Web Membership – The Utility Commission and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not-for-profit corporation) to provide internet and telecommunication services to customers in Georgia. On October 10, 2000 the Utility Commission signed a 50-year commitment to pay each month a proportionate share of the difference between Georgia Public Web's budgeted costs and revenues. The Utility Commission's proportionate share is 2.315% at September 30, 2014. The contingent obligations are general obligations of the Utility Commission and the City to which the City's full faith, credit and taxing powers are pledged. However, in fiscal year 2008, the Utility Commission advance paid their total commitment (Georgia Public Web telecom debt issued on April 3, 2003).

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

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

The Utility Commission is contingently liable for their pro-rata share of the debt. The Utility Commission's contingent contractual obligation total approximately $5,973,457 at September 30, 2014. On December 12, 2002 an intergovernmental agreement was made between the Utility Commission and the City of Fort Valley related to the MGAG contract. Under this agreement, in the event of any required payments pursuant to the provisions of the Gas Supply Contract the payments shall be made first by the Utility Commission from its revenues and assets before any required payments are made by the City of Fort Valley.

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

Note 4 – Other Notes (continued)

4-B. Risk Management

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

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

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

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

Date	(1) Beginning of Fiscal Year Liability	(2) Current Year Claims and Changes in Estimates	(3) Claim Payments	(4) End of Fiscal Year Liability
2012	58,292	351,552	392,965	16,879
2013	16,879	601,521	578,319	40,081
2014	40,081	804,185	780,594	63,672

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

Utility Commission Risk Management

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

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

Note 4 – Other Notes (continued)

4-C. Contingent Liabilities

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

Utility Commission Contingent Liability

The Utility Commission was not a defendant in any lawsuits at September 30, 2014. In the opinion of the Utility Commission's management, there are no legal contingencies which will have a material effect on the financial position of the Utility Commission in subsequent years.

4-D. Environmental Remediation

In 2003, the Georgia Department of Natural Resources placed the Vienna Street Dump on the Hazardous Site Inventory and held the City of Fort Valley to be the responsible party. The Vienna Street Dump was placed on the Hazardous Site Inventory because the site has a known release of arsenic exceeding the reportable quantity. The Georgia Environmental Protection Division requires the City of Fort Valley to complete a Compliance Status Report, wherein the City will investigate the source of contamination and propose a Corrective Action Plan to remediate the contamination. As of September 30, 2014, 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, 2014.

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.

Note 4 – Other Notes (continued)

4-G. Hotel-Motel Lodging Tax

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2014 follows:

Lodging tax receipts	$ 21,731
Required expenditures	$ 8,692
Actual expenditures	$ 8,692

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

4-H. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 20, 2015, the date the financial statements were available to be issued.

Utility Commission Subsequent Events

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

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

Main Street/Downtown Development Authority Subsequent Events

Main Street/Downtown Development Authority ("MS/DDA") is in the process of obtaining a loan in the amount of $200,000. The proceeds will be provided to Vantage Group in order to fulfill a promise of funding that MS/DDA made to back one of their projects. The intent is to have Vantage repay the amount back over a six to seven year period. The repaid funds will be used to pay off the loan that will be obtained for the funding of the financial backing.

City of Fort Valley, Georgia
Required Supplementary Information
September 30, 2014

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%
1/1/2014	3,329,507	4,135,753	806,246	80.51%	1,868,908	43.14%

SUPPLEMENTARY INFORMATION

City of Fort Valley, Georgia
General Fund
Comparative Balance Sheet
September 30, 2014 and 2013

	2014	2013
Assets:		
Cash and cash equivalents	$ 1,688,434	$ 1,692,694
Receivables:		
Accounts	116,371	88,242
Property taxes	218,937	332,507
Intergovernmental	196,976	282,629
Interfund	594,871	755,380
Total Assets	$ 2,815,589	$ 3,151,452
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 134,895	$ 97,641
Accrued expenditures	25,109	1,732
Intergovernmental payable	5,629	19,727
Deferred revenue	-	89,018
Total Liabilities	165,633	208,118
Fund Balances:		
Restricted for:		
Public safety technology	74,770	85,265
Assigned for:		
Contingencies	914,357	913,443
Unassigned	1,660,829	1,944,626
Total Fund Balances:	2,649,956	2,943,334
Total Liabilities and Fund Balances	$ 2,815,589	$ 3,151,452

City of Fort Valley, Georgia
General Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2014 and 2013

	2014	2013
Revenues:		
Taxes	$ 4,888,529	$ 4,553,056
Licenses and permits	121,206	112,553
Intergovernmental	268,306	268,486
Charges for services	66,457	70,126
Fines and forfeitures	190,381	216,928
Investment earnings	3,267	3,979
Contributions	17,000	-
Miscellaneous	8,074	42,011
Total Revenues	5,563,220	5,267,139
Expenditures:		
Current:		
General government	$ 1,124,367	$ 689,733
Judicial	65,761	57,498
Public safety	3,223,380	3,091,341
Public works	1,043,093	981,642
Culture and recreation	528,121	461,015
Housing and development	98,854	82,454
Debt service:		
Principal retirement	16,252	-
Interest and fiscal charges	5,516	-
Total Expenditures	6,105,344	5,363,683
Excess (Deficiency) of Revenues Over (Under) Expenditures	(542,124)	(96,544)
Other Financing Sources (Uses):		
Sale of capital assets	10,041	439,571
Inception of capital lease	225,000	-
Transfers in	13,705	12,654
Total Other Financing Sources	248,746	452,225
Net Change in Fund Balances	(293,378)	355,681
Fund Balances, Beginning of Year	2,943,334	2,587,653
Fund Balances, End of Year	$ 2,649,956	$ 2,943,334

City of Fort Valley, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended September 30, 2014
(With Comparative Actual Amounts for the Year Ended September 30, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Real and Personal Property Taxes:					
General property tax	$ 1,737,154	$ 1,737,154	$ 1,664,681	$ (72,473)	$ 1,576,319
Vehicle property tax	95,000	95,000	235,165	140,165	161,202
Mobile home property tax	6,800	6,800	5,177	(1,623)	6,019
Recording intangible tax	3,200	3,200	3,470	270	4,303
Real estate transfer tax	1,000	1,000	1,161	161	1,723
Railroad equipment tax	3,200	3,200	3,293	93	3,256
Energy excise tax	-	-	7,254	7,254	-
Prior year taxes - other than property	5,000	5,000	11,445	6,445	9,512
Penalties and interest on delinquent taxes	24,300	59,797	92,936	33,139	20,962
Total Real and Personal Property Taxes	1,875,654	1,911,151	2,024,582	113,431	1,783,296
Selective Taxes:					
Sales tax	1,180,000	1,180,000	1,105,026	(74,974)	1,135,280
Beer tax	134,000	134,000	120,779	(13,221)	120,616
Wine tax	7,000	7,000	6,247	(753)	4,722
Liquor tax	22,000	22,000	18,126	(3,874)	17,138
Hotel/motel tax	14,000	14,000	-	(14,000)	-
Insurance premium tax	489,000	489,000	506,297	17,297	488,984
Utility Commission franchise fees	1,005,855	1,005,855	1,009,264	3,409	954,905
Cable T.V. franchise fees	40,000	40,000	64,971	24,971	21,158
Telephone franchise fees	39,000	39,000	33,237	(5,763)	26,957
Total Selective Taxes	2,930,855	2,930,855	2,863,947	(66,908)	2,769,760
Licenses and Permits:					
Alcoholic beverage licenses	25,000	25,000	38,326	13,326	28,400
Occupation taxes	75,000	75,000	80,050	5,050	79,343
Amusement machine permits	3,000	3,000	2,800	(200)	4,800
Dog registration	1,000	1,000	30	(970)	10
Total Licenses and Permits	104,000	104,000	121,206	17,206	112,553
Fines and Forfeitures:					
Court fines	243,500	243,500	190,381	(53,119)	216,928
Total Fines and Forfeitures	243,500	243,500	190,381	(53,119)	216,928
Charges for Services:					
Bond fees	3,000	3,000	3,366	366	3,328
Qualifying Fees	-	-	-	-	2,520
Police background checks	6,000	6,000	9,060	3,060	7,727
Police accident reports	3,000	3,000	3,528	528	676
Sale of cemetery lots	30,000	30,000	25,078	(4,922)	43,200
Rental income	3,225	3,225	25,425	22,200	12,675
Total Charges for Services	45,225	45,225	66,457	21,232	70,126
Intergovernmental:					
FEMA grant	-	-	44,841	44,841	26,532
Community redevelopment grant	-	-	16,900	16,900	11,705
Department of Justice grants	-	-	-	-	61,238
Department of Transportation grants	-	-	73,735	73,735	69,011
Department of Natural Resources grant	-	-	4,832	4,832	-
Governor's Office of Highway Safety grant	-	-	7,998	7,998	-
Utility Commission	100,000	100,000	120,000	20,000	100,000
Housing authority	8,500	8,500	-	(8,500)	-
Total Intergovernmental	108,500	108,500	268,306	159,806	268,486
Miscellaneous:					
Investment earnings	5,000	5,000	3,267	(1,733)	3,979
Contributions	-	-	17,000	17,000	-
Miscellaneous	12,000	59,015	8,074	(50,941)	42,011
Total Miscellaneous	17,000	64,015	28,341	(35,674)	45,990
Total Revenues	$ 5,324,734	$ 5,407,246	$ 5,563,220	$ 155,974	$ 5,267,139

City of Fort Valley, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended September 30, 2014
(With Comparative Actual Amounts for the Year Ended September 30, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Expenditures:					
General Government:					
Mayor and council	$ 104,632	$ 159,704	$ 174,685	$ 14,981	$ 157,230
Administration	482,090	605,652	549,622	(56,030)	461,064
Public buildings	56,600	397,317	400,060	2,743	71,439
Total General Government	643,322	1,162,673	1,124,367	(38,306)	689,733
Judicial:					
Municipal court	50,605	65,765	65,761	(4)	57,498
Total Judicial	50,605	65,765	65,761	(4)	57,498
Public Safety:					
Police	1,817,520	2,199,828	2,199,828	-	2,127,559
Fire	816,859	1,023,552	1,023,552	-	963,782
Total Public Safety	2,634,379	3,223,380	3,223,380	-	3,091,341
Public Works:					
Streets	532,778	708,294	708,294	-	699,668
Cemeteries	233,716	334,799	334,799	-	281,974
Total Public Works	766,494	1,043,093	1,043,093	-	981,642
Culture and Recreation:					
Parks	350,921	496,907	496,907	-	431,975
Senior citizen's center	9,000	11,382	11,382	-	14,040
Spruce street pool	15,000	19,832	19,832	-	15,000
Total Culture and Recreation	374,921	528,121	528,121	-	461,015
Housing and Development:					
Economic development	96,315	98,854	98,854	-	82,454
Total Housing and Development	96,315	98,854	98,854	-	82,454
Health Insurance	673,299	-	-	-	-
Debt Service:				-	
Principal retirement	32,609	32,609	16,252	(16,357)	-
Interest and fiscal charges	17,293	17,293	5,516	(11,777)	-
Total Debt Service	49,902	49,902	21,768	(28,134)	-
Total Expenditures	$ 5,289,237	$ 6,171,788	$ 6,105,344	$ (66,444)	$ 5,363,683

City of Fort Valley, Georgia
Combining Balance Sheet
Non-major Funds
September 30, 2014

	Special Revenue Fund Hotel/Motel Tax	Capital Projects Fund 2008 SPLOST	Total Non-major Funds
Assets			
Cash and cash equivalents	$ 3,283	$ 76,857	$ 80,140
Receivables:			
Intergovernmental	-	15,917	15,917
Hotel/motel taxes	1,953	-	1,953
Total Assets	5,236	92,774	98,010
Liabilities and Fund Balances			
Liabilities			
Accounts payable	2,034	-	2,034
Total Liabilities	2,034	-	2,034
Fund Balances			
Restricted	-	92,774	92,774
Assigned	3,202	-	3,202
Total Fund Balance	3,202	92,774	95,976
Total Liabilities and Fund Balances	$ 5,236	$ 92,774	$ 98,010

City of Fort Valley, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Funds
For the Year Ended September 30, 2014

	Special Revenue Fund Hotel/Motel Tax	Capital Projects Fund 2008 SPLOST	Total Non-Major Funds
Revenues			
Hotel/motel taxes	$ 21,731	$ -	$ 21,731
Interest	-	103	103
Total Revenues	21,731	103	21,834
Expenditures			
Current:			
Public safety	-	50,000	50,000
Public works	-	47,045	47,045
Housing and development	4,976	-	4,976
Total Expenditures	4,976	97,045	102,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,755	(96,942)	(80,187)
Other Financing (Uses)			
Transfers out	(13,705)	-	(13,705)
Total Other Financing (Uses)	(13,705)	-	(13,705)
Net Change in Fund Balances	3,050	(96,942)	(93,892)
Fund Balances, Beginning of Year	152	189,716	189,868
Fund Balances, End of Year	$ 3,202	$ 92,774	$ 95,976

City of Fort Valley, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 3,283	$ 152
Hotel/motel taxes receivable	1,953	6,194
Total Assets	$ 5,236	$ 6,346
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 2,034	$ 6,194
Total Liabilities	2,034	6,194
Fund Balances		
Assigned	3,202	152
Total Liabilities and Fund Balances	$ 5,236	$ 6,346

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, 2014
(With Comparative Actual Amounts for the Year Ended September 30, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues					
Hotel/motel taxes	$ 20,000	$ 20,000	$ 21,731	$ 1,731	$ 24,184
Expenditures					
Current:					
Housing and development	8,000	13,395	4,976	(8,419)	13,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,000	6,605	16,755	10,150	10,793
Other Financing (Uses)					
Transfers out	(12,000)	(12,660)	(13,705)	(1,045)	(12,654)
Net Change in Fund Balances	$ -	$ (6,055)	3,050	$ 9,105	(1,861)
Fund Balances, Beginning of Year			152		2,013
Fund Balances, End of Year			$ 3,202		$ 152

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Balance Sheet
September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 76,857	$ 126,784
Intergovernmental receivable	15,917	62,932
Total Assets	$ 92,774	$ 189,716
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ -
Fund Balances		
Restricted	92,774	189,716
Total Liabilities and Fund Balances	$ 92,774	$ 189,716

City of Fort Valley, Georgia
2008 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2014 and 2013

	2014	2013
Revenues		
Intergovernmental	$ -	$ 356,117
Interest	103	53
Total Revenues	103	356,170
Expenditures		
Intergovernmental	97,045	229,386
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,942)	126,784
Fund Balances, Beginning of Year	189,716	62,932
Fund Balances, End of Year	$ 92,774	$ 189,716

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Balance Sheet
September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 41,349	$ 241,065
Total Assets	$ 41,349	$ 241,065
Liabilities and Fund Balances		
Liabilities		
Interfund payable	$ 31,665	$ 41,722
Total Liabilities	$ 31,665	$ 41,722
Fund Balances		
Restricted	9,684	199,343
Total Liabilities and Fund Balances	$ 41,349	$ 241,065

City of Fort Valley, Georgia
2004 SPLOST Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2014 and 2013

	2014	2013
Revenues		
Interest	$ 141	$ 455
Total Revenues	141	455
Expenditures		
Capital outlay	189,800	200,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,659)	(200,012)
Fund Balances, Beginning of Year	199,343	399,355
Fund Balances, End of Year	$ 9,684	$ 199,343

SPECIAL REPORTS SECTION

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

April 20, 2015

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, 2014, 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 April 20, 2015.

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 2014-4, 2014-5, and 2014-7.

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 2014-1, 2014-2, 2014-3, 2014-6, and 2014-8.

Compliance and Other Matters

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

City of Fort Valley, Georgia's Response to Findings

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

Purpose of this Report

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

Butler, Williams & Tryche, LLP

Macon, Georgia

City of Fort Valley, Georgia
Schedule of Findings
For the Year Ended September 30, 2014

2014-1 ***Criteria –*** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

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

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

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

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

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

2014-2 ***Criteria –*** When grant funds are received, revenue should be recognized only when grant conditions have been met.

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

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

Effect of Condition – Grant revenues in the General Fund were understated by $7,998. Audit adjustments were necessary to correct this misstatement.

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

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

2014-3 ***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 and not a reduction of the debt liability.

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 Sanitation fund capital lease liability by $59,719 and increase Sanitation fund interest expense by $4,031.

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.

2014-4 ***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.

2014-5 ***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 $80,458. Additionally, to properly reflect the balance in Sanitation receivables, a net adjustment in the amount of $12,850 was required.
- An audit adjustment in the amount of $11,862 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.

2014-6 ***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 $7,998. 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.

2014-7 ***Criteria*** **–** Generally, expenditures should be recorded for obligations incurred during the reporting period.

Condition **–** Payroll liabilities and expenditures were understated.

Cause of Condition **–** The City's internal controls were not adequate to determine the entries needed to reflect the payroll run for checks dated 9/30/14.

Effect of condition **-** Audit adjustments were required to record payroll expenditures of $27,047 with a corresponding adjustment to the payroll liability accounts.

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

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

Fort Valley Main Street/Downtown Development Authority

2014-8 ***Criteria*** **–** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

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

Cause of Condition **–** The Executive Director position was filled; however, the Authority is operating with only the Executive Director and one part-time employee. In addition, the operations of the Austin Theatre has segregation of duties issues as one of the Board Members is the only individual responsible for authorizing and recording transactions and maintaining custody of assets.

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

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

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

City of Fort Valley, Georgia
Schedule of Prior Year Findings
For the Year Ended September 30, 2014

2013-1 ***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 2014-1.

2013-2 ***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*:** Partially Resolved. See 2014-2.

2013-3 ***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*:** Partially Resolved. See 2014-3.

2013-4 **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 2014-4

2013-5 ***Condition*:** The City's internal controls were not adequate to determine the accruals needed to properly reflect the City's end of year account balances in receivables/revenues and liabilities/expenditures/expenses.

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

Status: Unresolved. See 2014-5

2013-6 ***Condition:*** In the General Fund, internal controls did not detect an expenditure for equipment that should have been recorded as capital outlay.

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

Status: Unresolved. See 2014-6

City of Fort Valley, Georgia
Schedule of Prior Year Findings
For the Year Ended September 30, 2014

2013-7 ***Condition:*** Cash was overstated while payroll liabilities and expenditures were understated.

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

Status: Partially Resolved. See 2014-7.

2013-8 ***Condition:*** The City failed to maintain activity in the 2008 SPLOST fund in its accounting system.

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.

Status: Resolved.

Fort Valley Main Street/Downtown Development Authority

2013-9 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 2014-8

City of Fort Valley, Georgia
Schedule of Projects Undertaken
With Special Purpose Sales Tax Proceeds
For the Year Ended September 30, 2014

2004 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Expenditures Total
Storm Water Drainage Improvements	$ 1,250,000	$ 1,250,000	$ 1,304,767	$ 189,800	$ 1,494,567

2008 Referendum	Original Estimated Cost	Current Estimated Cost	Expenditures In Prior Years	Expenditures Current Year	Expenditures Total
Water and Sewer Projects Stormwater Drainage	$ 2,500,000	$ 2,500,000	$ -	$ 30	$ 30
Public Safety Equipment	500,000	500,000	229,386	50,000	279,386
Road, Street and Bridge Purposes **(a)**	-	250,000	187,068	47,015	234,083
	$ 3,000,000	$ 3,250,000	$ 416,454	$ 97,045	$ 513,499
2008 Referendum - Main Street DDA					
Cultural, Historical and Recreational Facilities	$ 75,000	$ 75,000	$ 74,841	$ -	$ 74,841

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