

CITY OF VALLEY
VALLEY, ALABAMA
Financial Statements
September 30, 2019

**CITY OF VALLEY
VALLEY, ALABAMA**

MAYOR

Leonard Riley

CITY COUNCIL

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Jimmy Gilson
James L. Jones
Marquetta Madden
Randall Maddux
Jim Clark
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Valley, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valley, Alabama (the City), as of and for the year ended September 30, 2019 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of changes in the net pension liability, and the schedule of employer contributions information 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 evidence sufficient 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 of Valley's basic financial statements. The combining balance sheet - nonmajor special revenue funds, combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds, combining balance sheet - nonmajor capital project funds, combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds, combining balance sheet - nonmajor debt service funds, combining statement of revenues, expenditures, and changes in fund balances - nonmajor debt service funds, statement of net position - discretely presented component unit, statement of revenues, expenses, and changes in net position - discretely presented component unit, statement of cash flows - discretely presented component unit and schedule of debt service - general obligation warrants are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, discretely presented component unit financial statements, and schedule of debt service - general obligation warrants 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, discretely presented component unit financial statements, and schedule of debt service - general obligation warrants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Auburn, Alabama
March 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF VALLEY, ALABAMA
(Unaudited)

The City of Valley's Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

HIGHLIGHTS AND ACCOMPLISHMENTS

Financial Highlights

- The City's net position for governmental activities increased by \$2,214,666.
- The total cost of all the City's programs was \$10,196,498.
- During the year, the City had expenses of \$9,486,788 for governmental activities, which was \$2,214,666 less than the \$11,701,454 generated in general and program revenues.
- The City's combined assets exceeded its combined liabilities by \$22,058,375 which will allow the City to continue to meet ongoing obligations to citizens and creditors.
- The City sold property not necessary for normal operations of the City.
- The City completed Industrial Park paving.
- The City made progress on its paving projects and purchased new equipment.
- The City continues to budget for demolition of houses and general clean up.

The City has recently been voted one of the best cities in Alabama to live.

- In October 2018, a \$7.5 million dollar bond was issued with AuburnBank for 15 years. The money is to be used for a new water tank and water lines for the Industrial Park. Also, the City sold property from the Industrial Park during the year. Other capital projects included the following; renovation of swimming pool, flooring and decking for \$100,000; a new pool pak for \$325,000; and a new roof for the Police Department for \$50,000.
- In November 2018, Chris Clark Paving was awarded a contract for \$208,660 for Four Star Drive in the Industrial Park. The City also annexed the Fairfax Mill property into the City limits.
- In December 2018, Alabama Department of Economic and Community Affairs (ADECA) awarded a grant to the City for \$277,200. The grant was for the Rails-to-Trails project including paving, new benches, bulletin boards and fencing. Also, in December, the City purchased an additional 27 acres bordering the existing Industrial Park land.
- In January 2019, the City started the paving project at Four Star Drive. There was also a dedication ceremony for the new road at the same time.
- In February 2019, the City entered into a project agreement with Westrock Packaging Systems for a total investment of \$5.2 million dollars. The City also approved a new lease agreement with Alabama Power for the next 30 years.

- In March 2019, the City’s first responders and citizens supported our neighboring community of Smiths Station with food, equipment, and manpower after the devastating tornadoes of March 3rd. The City also entered into a contract agreement with Goodwyn, Mills, and Cawood, Inc. for a 750,000 gallon elevated water tank, water improvements, Burney Road booster pumping station and a new forcer main to serve the Valley Industrial Park. The City also annexed the PPBB property into the City limits and purchased the Wade Stuart Enterprises property of 27 acres for the Industrial Park.
- In April 2019, the City had zoning changes with the new annexations.
- In June 2019, the City received a Community Development Block Grant (CDBG) for \$750,000 for community enhancement which will be used for water line extension, water system rehabilitation, sewer line extension, housing rehabilitation and road and drainage improvement in connection with John Soules Food project. The City also accepted property in the Riverview area.
- In August 2019, the City created a gun ordinance committee, applied for Atrip II, approved a five-year paving plan and accepted bids for the Valley Industrial Boulevard paving project.
- In September 2019, the Masters Games were held in Valley and a Masters Games Proclamation was proceeded. The senior citizens are important to the City of Valley and these activities draw people from all over the state and bring in revenue and goodwill to our City.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 17) provide information about the activities of the City as a whole and present a longer-term view of the City’s finances. Fund financial statements begin on page 18. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail by providing information about the City’s most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 9. One of the most important questions asked about the City’s finances is, “Is the City, as a whole, better or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used in most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City’s *net position* and its changes. You can think of the City’s net position – the difference between assets and liabilities – as one way to measure the City’s financial health or *financial position*. Over time, *increases* or *decreases* in the City’s net position are indicators of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City’s property tax base and the condition of the City’s roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities - Most of the City's basic services are reported here, including general administration, public safety, public works, health, culture and recreation, welfare, and urban rehabilitation. Sales taxes, business licenses and permits, program revenues, and grants finance most of these activities.
- Business-type Activities - The City's Solid Waste Fund is reported here. The City charges a fee to customers to help cover costs of these services.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 18. The fund financial statements provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by State law and bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations after the fund financial statements.
- Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

Net Position

The City's combined net position as of September 30, 2019 was \$22,058,375. The governmental activities net position was \$21,958,554, and the business-type activities net position was \$99,821. The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 9,996,020	\$ 3,853,905	\$ 211,308	\$ 119,363	\$10,207,328	\$ 3,973,268
Capital assets	32,836,915	32,710,059	-	2,408	32,836,915	32,712,467
Total assets	<u>42,832,935</u>	<u>36,563,964</u>	<u>211,308</u>	<u>121,771</u>	<u>43,044,243</u>	<u>36,685,735</u>
Deferred outflows of resources						
Deferred outflows related						
to pensions	615,969	633,983	11,398	11,442	627,367	645,425
Deferred charge on refunding	1,107,314	1,221,452	-	-	1,107,314	1,221,452
Total deferred outflows of resources	<u>1,723,283</u>	<u>1,855,435</u>	<u>11,398</u>	<u>11,442</u>	<u>1,734,681</u>	<u>1,866,877</u>
Liabilities						
Long-term liabilities	21,654,060	17,424,522	3,872	5,772	21,657,932	17,430,294
Other liabilities	406,712	709,027	109,084	(7,276)	515,796	701,751
Total liabilities	<u>22,060,772</u>	<u>18,133,549</u>	<u>112,956</u>	<u>(1,504)</u>	<u>22,173,728</u>	<u>18,132,045</u>
Deferred inflows of resources						
Pension deferrals	536,892	541,962	9,929	10,028	546,821	551,990
Total deferred inflows of resources	<u>536,892</u>	<u>541,962</u>	<u>9,929</u>	<u>10,028</u>	<u>546,821</u>	<u>551,990</u>
Net Position						
Net investment						
in capital assets	12,504,709	16,818,498	-	2,408	12,504,709	16,820,906
Restricted	5,397,487	181,838	-	-	5,397,487	181,838
Unrestricted	4,056,358	2,743,552	99,821	122,281	4,156,179	2,865,833
Total net position	<u>\$21,958,554</u>	<u>\$19,743,888</u>	<u>\$ 99,821</u>	<u>\$ 124,689</u>	<u>\$22,058,375</u>	<u>\$19,868,577</u>

For more detailed information, see the Statement of Net Position on page 15.

The City's unrestricted net position for governmental activities that can be used to finance day-to-day operations was \$4,056,358.

Changes in Net Position

The City's Change in Net Position of the governmental activities was \$2,214,666 and the change in net position of business-type activities was \$(24,868)

Unaudited

The following table reflects the revenue and expenses of the total primary government:

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 2,569,129	\$ 2,619,790	\$ 762,993	\$ 749,856	\$ 3,332,122	\$ 3,369,646
Operating grants and contributions	60,917	87,273	-	-	60,917	87,273
Capital grants and contributions	556,504	1,068,600	-	-	556,504	1,068,600
General revenues						
Sales taxes	7,464,174	6,942,691	-	-	7,464,174	6,942,691
Other taxes	570,316	472,828	-	-	570,316	472,828
Interest earnings	77,353	16,493	1,749	392	79,102	16,885
Gain/(Loss) on disposal of capital assets	99,786	116,180	-	-	99,786	116,180
Gain/(Loss) on sale of timber	223,375	-	-	-	223,375	-
Total revenues	<u>11,621,554</u>	<u>11,323,855</u>	<u>764,742</u>	<u>750,248</u>	<u>12,386,296</u>	<u>12,074,103</u>
Expenses						
General administration	2,109,176	1,787,481	-	-	2,109,176	1,787,481
Public safety	2,485,258	3,196,785	-	-	2,485,258	3,196,785
Public works	2,042,892	1,815,835	-	-	2,042,892	1,815,835
Health	41,750	38,820	-	-	41,750	38,820
Culture and recreation	1,751,303	1,761,916	-	-	1,751,303	1,761,916
Welfare	243,712	200,974	-	-	243,712	200,974
Urban rehabilitation	34,985	80,571	-	-	34,985	80,571
Interest on long-term debt	777,712	658,259	-	-	777,712	658,259
Solid waste	-	-	709,710	698,381	709,710	698,381
Total expenses	<u>9,486,788</u>	<u>9,540,641</u>	<u>709,710</u>	<u>698,381</u>	<u>10,196,498</u>	<u>10,239,022</u>
Excess before transfers	<u>2,134,766</u>	<u>1,783,214</u>	<u>55,032</u>	<u>51,867</u>	<u>2,189,798</u>	<u>1,835,081</u>
Transfers	<u>79,900</u>	<u>136,269</u>	<u>(79,900)</u>	<u>(136,269)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,214,666</u>	<u>1,919,483</u>	<u>(24,868)</u>	<u>(84,402)</u>	<u>2,189,798</u>	<u>1,835,081</u>
Beginning net position	<u>19,743,888</u>	<u>17,824,405</u>	<u>124,689</u>	<u>209,091</u>	<u>19,868,577</u>	<u>18,033,496</u>
Total net position	<u>\$21,958,554</u>	<u>\$19,743,888</u>	<u>\$ 99,821</u>	<u>\$ 124,689</u>	<u>\$22,058,375</u>	<u>\$19,868,577</u>

For more detailed information, see the Statement of Activities on page 17.

The governmental activities total revenues increased by 2.63% to \$11,621,554 due primarily to an increase in sales tax revenue and the sale of capital assets and timber. Sales taxes account for 64.23% of all governmental activities revenues. The remaining revenues are comprised of charges for services and various other sources. The business-type activities total revenue increased by 1.93%.

The total cost of all programs and services decreased by \$42,524. The cost of governmental activities decreased by \$53,853 and the cost of business-type activities increased by \$11,329.

Unaudited

Governmental Activities

The change in net position of governmental activities was \$2,214,666, resulting primarily from an increase in capital contributions and sales tax revenue.

Business-type Activities

The change in net position of business-type activities was \$(24,868), resulting primarily from transfers to the General Fund.

THE CITY'S FUNDS

Governmental Funds

As of September 30, 2019, the Governmental Funds reported a combined fund balance of \$9,427,911, which is 189.63% more than the beginning of the year. The Governmental Funds experienced a net increase of \$6,172,762 resulting primarily from proceeds from issuance of bonds.

Business-type Funds

As of September 30, 2019, business-type funds reported a combined net position of \$99,821. The business-type funds Change in Net Position totaled \$(24,868), resulting primarily from transfers to the General Fund.

General Fund Budgetary Highlights

General Fund revenues exceeded budget by \$121,962, largely due to greater than anticipated sales tax revenue. The revenue budget is based on prior year budgeted revenues and does not factor in any growth. General Fund revenues do not include proceeds from debt.

General Fund expenditures were less than budgeted amounts by \$541,216, largely due to a decrease in spending on operations to provide funding for capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the City had \$32,836,915 invested in a broad range of capital assets, including police equipment, vehicles, buildings, a library, a senior center, park facilities, an industrial park, streets, and roads. This amount represents a net increase (including additions, disposals and depreciation) of \$124,448 or 0.38% more than last year. The increase can be attributed to land purchases for the industrial park and infrastructure.

The following is a schedule of capital assets as of September 30:

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 9,082,997	\$ 8,644,267	\$ -	\$ -	\$ 9,082,997	\$ 8,644,267
Construction in progress	300,662	-	-	-	300,662	-
Infrastructure, net	11,522,404	11,991,304	-	-	11,522,404	11,991,304
Equipment, net	1,246,994	1,469,044	-	2,408	1,246,994	1,471,452
Buildings and improvements, net	10,683,858	10,605,444	-	-	10,683,858	10,605,444
Total capital assets, net	<u>\$32,836,915</u>	<u>\$32,710,059</u>	<u>\$ -</u>	<u>\$ 2,408</u>	<u>\$32,836,915</u>	<u>\$32,712,467</u>

Computation of Legal Debt Margin

Section 772

Assessed value of real and personal taxable property as of

September 30, 2019¹ \$ 96,608,560

Debt limit, twenty percent of assessed value (constitutional limitation)² \$ 48,304,280

Debt in governmental activities 21,439,520

Total general obligation debt for computation 21,439,520

Net bonded indebtedness 21,439,520

Legal debt margin \$ 26,864,760

(1) Source: Chambers County Revenue Commissioner

(2) Section 772, as amended, Constitution of the State of Alabama, limits debt of the City of Valley to fifty percent of the assessed value of property.

Long-Term Debt

At September 30, 2019, the City had \$21,439,520 in warrants payable outstanding versus \$17,230,320 at September 30, 2018, an increase of 24.43%. This increase resulted primarily from the issuance of new bonds and refunding of the 2015 bonds with some of the proceeds.

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's Mayor, after consulting with the City Clerk/Treasurer, department heads and supervisors, considered many factors when submitting the proposed budget for the fiscal year ending September 30, 2020. The City Council took the Mayor's proposed budget under consideration and, after further review and evaluation, adopted the fiscal year 2020 budget. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenditures and the overall economy were some of these factors.

Total investments in Chambers County 2019 - \$84,291,288

One hundred and fifty acres cleared and planned for residential developments – multi and single-family housing.

City of Valley has purchased over 1,300 acres for industrial use, cleared, rough graded with investments of \$8,107,000 YTD.

Valley and Lanett purchased, and is in the process of rehabbing, dilapidated mill sites – investment of \$1,731,078 YTD.

EAWSF, Huguley Water, City of Valley, City of Lanett, Chattahoochee Valley Water and CCDA are partnering to execute a massive 10-year infrastructure project for both cities with an investment of \$21 million needed.

Over one million dollars in funds set aside for local incentive packages and matches.

Human Capital recruitment now a target for the CCDA, meeting with residential developers.

Eight industries showed an increase in employment in 2018-2019. This resulted in the creation of 333 new jobs in the county through existing companies.

These indicators were taken into account when adopting the General Fund budget for the fiscal year ended September 30, 2020. Amounts available for expenditures, capital outlay and debt service in the General Fund budget are \$11,067,700 for the fiscal year 2020. The City took into consideration the current year increase in revenue and its effect on the City when budgeting expenditures for the fiscal year 2020.

If these estimates are realized, the City's budgetary fund balance is expected to increase moderately by the close of fiscal year 2020.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's Office at The City of Valley, 20 Fob James Drive, or P.O. Box 186, Valley, Alabama 36854.

CITY OF VALLEY
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
Assets				
Current assets				
Cash and cash equivalents	\$ 8,730,069	\$ 208,269	\$ 8,938,338	\$ 64,137
Taxes receivable, net	601,581	-	601,581	-
Other receivables	289,153	1,725	290,878	-
Prepaid expenses	116,776	1,314	118,090	-
Cash and cash equivalents - restricted	258,441	-	258,441	-
Total current assets	<u>9,996,020</u>	<u>211,308</u>	<u>10,207,328</u>	<u>64,137</u>
Noncurrent assets				
Nondepreciable capital assets	9,383,659	-	9,383,659	-
Depreciable capital assets, net	23,453,256	-	23,453,256	-
Total noncurrent assets	<u>32,836,915</u>	<u>-</u>	<u>32,836,915</u>	<u>-</u>
Total assets	<u>42,832,935</u>	<u>211,308</u>	<u>43,044,243</u>	<u>64,137</u>
Deferred outflows of resources				
Deferred outflows related to pensions	615,969	11,398	627,367	-
Deferred charge on refunding	1,107,314	-	1,107,314	-
Total deferred outflows of resources	<u>1,723,283</u>	<u>11,398</u>	<u>1,734,681</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 44,556,218</u>	<u>\$ 222,706</u>	<u>\$ 44,778,924</u>	<u>\$ 64,137</u>
Liabilities				
Current liabilities				
Accounts payable	147,334	86,315	233,649	-
Accrued payroll and benefits	160,394	2,826	163,220	-
Accrued interest payable	46,304	-	46,304	-
Due to (from) other funds	(17,458)	17,458	-	-
Due to other governments	639	-	639	-
Compensated absences	69,499	2,485	71,984	-
Current portion of warrants payable, net	1,163,612	-	1,163,612	-
Total current liabilities	<u>1,570,324</u>	<u>109,084</u>	<u>1,679,408</u>	<u>-</u>
Noncurrent liabilities				
Warrants payable, net	20,275,908	-	20,275,908	-
Net pension liability	214,540	3,872	218,412	-
Total noncurrent liabilities	<u>20,490,448</u>	<u>3,872</u>	<u>20,494,320</u>	<u>-</u>
Total liabilities	<u>22,060,772</u>	<u>112,956</u>	<u>22,173,728</u>	<u>-</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Net Position
September 30, 2019
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
Deferred inflows of resources				
Deferred inflows related to pensions	\$ 536,892	\$ 9,929	\$ 546,821	\$ -
Total deferred inflows of resources	536,892	9,929	546,821	-
Net position				
Net investment in capital assets	12,504,709	-	12,504,709	-
Restricted for				
Debt service	233,688	-	233,688	-
Special revenue	165,322	-	165,322	-
Cemetery	-	-	-	44,192
Capital Projects	4,998,477	-	4,998,477	-
Unrestricted	4,056,358	99,821	4,156,179	19,945
Total net position	21,958,554	99,821	22,058,375	64,137
 Total liabilities, deferred inflows of resources and net position	 \$ 44,556,218	 \$ 222,706	 \$ 44,778,924	 \$ 64,137

See notes to financial statements.

CITY OF VALLEY
Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 2,941,656	\$ 5,788,413	\$ 8,730,069
Accounts receivable, net	-	-	-
Taxes receivable, net	585,100	16,481	601,581
Other receivables	287,491	1,662	289,153
Prepaid expenses	112,577	4,199	116,776
Cash and cash equivalents - restricted	-	258,441	258,441
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,926,824</u>	<u>\$ 6,069,196</u>	<u>\$ 9,996,020</u>
Liabilities			
Accounts payable	\$ 116,112	\$ 31,222	\$ 147,334
Accrued payroll and benefits	156,571	3,823	160,394
Due to (from) other funds	207,211	(224,669)	(17,458)
Due to other governments	-	639	639
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>479,894</u>	<u>(188,985)</u>	<u>290,909</u>
Deferred inflows of resources			
Unearned revenue	277,200	-	277,200
Fund balance			
Nonspendable			
Other receivables	287,491	-	287,491
Prepaid expenses	112,577	-	112,577
Restricted for			
Debt service	-	258,441	258,441
Special revenue	-	165,322	165,322
Capital projects	-	4,998,477	4,998,477
Assigned for			
Capital projects	-	733,849	733,849
Unassigned	2,769,662	102,092	2,871,754
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>3,169,730</u>	<u>6,258,181</u>	<u>9,427,911</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 3,926,824</u>	<u>\$ 6,069,196</u>	<u>\$ 9,996,020</u>

See notes to financial statements.

CITY OF VALLEY
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 September 30, 2019

Total fund balances - governmental funds		\$ 9,427,911
<p>Amounts reported for governmental activities in the Statement of Net Position are different due to the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	46,448,205	
Less accumulated depreciation	<u>(13,611,290)</u>	32,836,915
<p>Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.</p>		
		(46,304)
<p>Receivables, including receivables from other governments, are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		
		277,200
<p>Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Warrants payable	(21,545,865)	
Warrant discounts	106,345	
Deferred outflow of resources for deferred charges	1,107,314	
Deferred outflows of resources for pensions	615,969	
Deferred inflows related to pensions	(536,892)	
Compensated absences	(69,499)	
Net pension liability	<u>(214,540)</u>	<u>(20,537,168)</u>
Total net position - governmental activities		<u>\$ 21,958,554</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Sales and miscellaneous	\$ 7,353,157	\$ 111,017	\$ 7,464,174
Other	570,316	-	570,316
Licenses and permits	1,774,149	-	1,774,149
Intergovernmental	65,800	105,195	170,995
Charges for services	563,444	-	563,444
Fines and forfeitures	48,301	-	48,301
Contributions	31,579	170,277	201,856
Interest	24,988	52,365	77,353
Other	10,488	14,367	24,855
Total revenue	<u>10,442,222</u>	<u>453,221</u>	<u>10,895,443</u>
Expenditures			
General government	1,792,067	-	1,792,067
Public safety	2,272,498	-	2,272,498
Public works	1,258,283	385,269	1,643,552
Health and sanitation	41,750	-	41,750
Culture and recreation	1,274,286	-	1,274,286
Welfare	37,937	204,086	242,023
Urban rehabilitation	34,985	-	34,985
Capital outlay	1,141,655	666,398	1,808,053
Debt service			
Principal retirement	3,099,455	85,000	3,184,455
Interest and fees	328,156	298,707	626,863
Issuance of debt costs	20,000	-	20,000
Total expenditures	<u>11,301,072</u>	<u>1,639,460</u>	<u>12,940,532</u>
Deficiency of revenues under expenditures	<u>(858,850)</u>	<u>(1,186,239)</u>	<u>(2,045,089)</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	14,576	400,000	414,576
Proceeds from sale of timber	-	223,375	223,375
Issuance of warrants	7,500,000	-	7,500,000
Transfers (out) in	(5,916,385)	5,996,285	79,900
Total other financing sources (uses)	<u>1,598,191</u>	<u>6,619,660</u>	<u>8,217,851</u>
Net change in fund balance	739,341	5,433,421	6,172,762
Fund balance - beginning of year	<u>2,430,389</u>	<u>824,760</u>	<u>3,255,149</u>
Fund balance - end of year	<u>\$ 3,169,730</u>	<u>\$ 6,258,181</u>	<u>\$ 9,427,911</u>

See notes to financial statements.

CITY OF VALLEY
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year ended September 30, 2019

Net changes in fund balances - governmental funds \$ 6,172,762

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	1,808,053	
Less depreciation expense	<u>(1,492,157)</u>	315,896

The proceeds from the sale of capital assets (\$414,576) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$314,790) is removed from the capital assets account in the Statement of Net Position and offsets against the sales proceeds resulting in a gain in the Statement of Activities of (\$99,786). (314,790)

Donations of capital assets do not provide current financial resources and are not recorded in governmental funds. However, donations of capital assets increase net position. 125,750

Revenues previously recorded in the Statement of Activities that provide current financial resources are reported as revenues in the funds. 277,200

The issuance of long-term debt (e.g., warrants, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discounts, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retirement	3,184,455	
Issuance of warrants	(7,500,000)	
Bond discount amortization expense	<u>(125,100)</u>	(4,440,645)

Some expenses 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.

Net decrease in accrued compensated absences	217	
Net decrease in pension expense	84,026	
Decrease in accrued interest	<u>(5,750)</u>	<u>78,493</u>

Change in net position - governmental activities \$ 2,214,666

See notes to financial statements.

CITY OF VALLEY
Statement of Net Position
Proprietary Fund
September 30, 2019

	Solid Waste Collection
Assets	
Current assets	
Cash and cash equivalents	\$ 208,269
Other receivable	1,725
Prepaid expenses	1,314
Total current assets	211,308
 Total assets	 211,308
Deferred outflows of resources	
Deferred outflows related to pensions	11,398
Total deferred outflows of resources	11,398
 Total assets and deferred outflows of resources	 \$ 222,706
Liabilities	
Current liabilities	
Accounts payable	\$ 86,315
Accrued payroll and benefits	2,826
Due to other funds	17,458
Compensated absences	2,485
Total current liabilities	109,084
 Noncurrent liabilities	
Net pension liability	3,872
Total noncurrent liabilities	3,872
 Total liabilities	 112,956
Deferred inflows of resources	
Deferred inflows related to pensions	9,929
Total deferred inflows of resources	9,929
Net position	
Unrestricted	99,821
Total net position	99,821
 Total liabilities, deferred inflows of resources and net position	 \$ 222,706

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year ended September 30, 2019

	Solid Waste Collection
Operating revenues	
Charges for services	\$ 762,993
Total operating revenues	762,993
Operating expenses	
Salaries	59,389
Employee benefits	7,933
Payroll taxes	4,533
Depreciation expense	2,408
Contract services - garbage pickup	605,137
Utilities and telephone	1,387
Supplies	15,858
Maintenance and repairs	4,524
Insurance	1,332
Other	7,209
Total operating expenses	709,710
Operating income	53,283
Non-operating revenues	
Interest income	1,749
Total non-operating revenues	1,749
Income before transfers	55,032
Transfers in	100
Transfers out	(80,000)
Change in net position	(24,868)
Net position, beginning of year	124,689
Net position, end of year	\$ 99,821

See notes to financial statements.

CITY OF VALLEY
Statement of Cash Flows
Proprietary Fund
Year ended September 30, 2019

	Solid Waste Collection
Cash flows from operating activities	
Cash received from customers	\$ 762,698
Cash paid to suppliers for goods and services	(73,059)
Cash paid to employees	(598,496)
Net cash provided by operating activities	91,143
Cash flows from noncapital financing activities	
Transfers to other funds	(79,900)
Due to City of Valley	61,973
Due from City of Valley	17,459
Net cash used in noncapital financing activities	(468)
Cash flows from investing activities	
Interest on cash and investments	1,749
Net cash provided by investing activities	1,749
Net increase in cash and cash equivalents	92,424
Cash and cash equivalents at beginning of year	115,845
Cash and cash equivalents at end of year	\$ 208,269
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 53,283
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,408
Bad debt expense	295
Increase (decrease) in:	
Accounts receivable	(295)
Prepaid expenses	479
Deferred outflows of resources for pensions	44
(Increase) decrease in:	
Accounts payable	36,656
Accrued payroll and benefits	272
Net pension liability	(1,900)
Deferred inflows	(99)
Net cash provided by operating activities	\$ 91,143

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Valley (the City), an Alabama Municipal Corporation, was incorporated in 1980. The City operates under a Mayor-Council form of government as provided by Act No. 425 of the 1955 Alabama Legislature (The Mayor-Council Act). The governing body is an elected Mayor and a seven-member, elected City Council.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The City's reporting entity applies all relevant GASB pronouncements. In preparing the financial statements, management evaluated subsequent events through March 19, 2020, the date the financial statements were available to be issued. The more significant of these accounting policies are described below.

Financial Reporting Entity

As required by GAAP, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units.

Discretely Presented Component Unit - There is one discretely presented component unit of the City of Valley: the City of Valley Historic Preservation Commission.

The City of Valley Historic Preservation Commission

The City of Valley Historic Preservation Commission seeks to preserve the rich textile-mill heritage of the City and the history of the four mill villages that comprise what is now the City of Valley. The Commission's ten board members are appointed by the City's Mayor. The Commission received an appropriation from the City for \$10,000 during the current year.

Related Organizations - The government's officials are also responsible for appointing the members of the board of other organizations, but the City's accountability for the organizations does not extend beyond making the appointments. These organizations include the City of Valley Medical Clinic Board, The Special Care Facilities Financing Authority of the City of Valley-Lanier Memorial Hospital, the Housing Authority of the City of Valley, The Improvement District of the City of Valley, the Alabama-Venue Project, and The Cooperative District of the City of Valley, Alabama-Venue Project.

Jointly Governed Organizations - The City, in conjunction with other governments, has created the organizations listed below. The organizations are not joint ventures because the governments do not retain an ongoing financial interest or ongoing financial responsibility.

The Industrial Development Authority of Chambers County

The Industrial Development Authority of Chambers County recruits and promotes businesses in the City and surrounding areas and municipalities. The Board has fourteen total members, one of whom is appointed by the Valley City Council. The other members are appointed by the Alabama State Legislature, one member from each of the other participating municipalities, and the related county commissioners. The City appropriated \$39,990 to the Board during the current year.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Reporting Entity - Continued

The East Alabama Regional Solid Waste Disposal Authority

The East Alabama Regional Solid Waste Disposal Authority is a corporation created to provide for the collection and disposal of solid waste and to encourage planning for disposal of solid waste and resource recovery in East Alabama. The organization is governed by a twelve-member board composed of one appointee from each of the various municipalities and counties in the area. The City appoints one board member. The East Alabama Regional Solid Waste Disposal Authority did not receive any appropriations from the City for the year ended September 30, 2019.

Government-Wide and Fund Financial Statements

The basic financial statements are presented at both the government-wide (based on the City as a whole) and fund financial level. Both levels of statements categorize primary activities as either governmental or business type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-Wide Financial Statements display information about the City as a whole. The effect of interfund activity has been removed from these statements. These aggregate statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* measurement focus is full accrual basis of accounting and economic resource measurement and the statement presents information on all of the City's assets, deferred outflows, and liabilities (including long-term assets and receivables as well as long-term debt and obligations), with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items (property, sales and use taxes, certain intergovernmental revenues, etc.) not attributable to a specific program are reported as general revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City does not employ an indirect cost allocation system.

Fund Financial Statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual funds are reported in separate columns in the basic financial statements. Non-major funds (by category or fund type) are consolidated into a single column of the basic financial statements and are detailed in the combining financial statements located in the supplementary information section of the financial statements.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position.

All transactions and events that affect the total economic resources (net position) during the period are reported. Economic resources measurement focus is connected with the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Current resources measurement is connected with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes and intergovernmental revenues. Expenditures are recognized when the related liability is incurred, with the exception of principal and interest on general obligation long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net financial position and cash flows. All assets and liabilities are included on the Statement of Net Position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation - Fund-Level Financial Statements

Generally accepted accounting principles set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section located in the supplementary information section of the financial statements. The City reports the following major governmental fund:

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Fund-Level Financial Statements - Continued

General Fund - To account for all revenues and expenditures applicable to the general operations of government that are not properly accounted for in another fund. All general operating revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

Additionally, the City reports the following non-major governmental funds.

Special Revenue Funds - To account for the proceeds of specific revenue resources that are legally restricted or designated for expenditures with specified purposes.

Capital Projects Fund - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, specifically the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - To account for the accumulation of resources for and the payment of interest and principal on general long-term debt. Debt service revenues are generally transferred from other governmental funds.

The City reports the following major proprietary funds:

Solid Waste Collection Fund - To account for providing solid waste collection and disposal services to residential and small commercial users. Activities of the fund include administration, billing and collection of fees related to solid waste collection services provided.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The City considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The City has never experienced any losses related to these balances.

The City also participates in the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) program. The bank holding the City's deposits is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Allowance for Uncollectible Accounts

The City reports accounts receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance or through bad debt expense.

Parts and Supplies

Parts and supplies consist of supplies held for consumption and are recorded at cost.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures when made in the governmental funds and are recorded as prepaid items in the government-wide financial statements.

Restricted Cash and Cash Equivalents

Restricted assets include cash and cash equivalents restricted for repayment of debt service on certain debt issued for the City of Valley. These funds are held in escrow accounts deposited with a trustee as cash. At September 30, 2019, the escrow accounts totaled \$258,441.

Interfund Transfers, Receivables and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as “Due to/from other funds,” as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements, except for amounts outstanding between the General Fund and business-type activities.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as “Interfund transfers in/(out)” in the accompanying financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets purchased or acquired are carried at historical cost or estimated historical cost.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Continued

Donated or contributed capital assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset is capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: buildings, 20 to 50 years; improvements, 15 to 25 years; machinery and equipment, 5 to 20 years; automotive vehicles, 5 to 20 years; and infrastructure, 20 to 40 years.

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

Deferred Outflows of Resources

The City's statements of net position report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to future periods. Deferred outflows of resources reported in the financial statements represent pension contributions through the end of the City's fiscal year to be recognized by the pension plan on the accrual basis of accounting in the next measurement period, as well as deferred amounts arising from the refunding of warrants payable. The deferred refunding amounts are being amortized over the remaining lives of the refunded warrants as part of interest expense.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity's column of the statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrant outstanding method. Warrants payable are reported net of the applicable warrant premium or discount. Warrant issue costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize warrant premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources, while premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation-pay benefits. All vacation hours are accrued, based on hire date. Each year, all vacation must be used within three months subsequent to each employee's anniversary date. Compensated absences are not recorded as a liability in the governmental funds because expenditures related to compensated absences are recorded only when payment is due.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pensions

The Employees' Retirement Systems of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. The last year for which actuarial information is available is for the fiscal year ended September 30, 2018 and, therefore, this actuarial information is reported in the 2019 financial statements.

Net Position

The City reports information regarding its financial position and activities according to three classes of net position in the government-wide financial statements: net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position is reported as restricted when constraints placed on net position use are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions.

Unrestricted Net Position is the residual component of net position. It consists of net position that does not meet the definition of restricted or net investment in capital assets.

Fund Balance

GASB Statement No. 54 *Fund Balance Reporting and Fund Type Definitions* requires analysis and presentation of the fund balance in five categories. The fund balance categories are:

Nonspendable - Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed by the City Council, by resolution of the Council. Commitments may be modified or rescinded by similar resolution.

Assigned - Includes items assigned by specific uses, authorized by the City Council or by an official body to which the Council delegates the authority.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

Unassigned - This is the residual classification used for those balances not assigned to another category in the general fund. Deficit fund balances are also presented as unassigned.

GASB Statement No. 54 implementation required the highest legal authority to approve authorized commitments of fund balance and to approve those who can authorize making assignments of fund balance. These requirements include designating the responsible party to make assignments of fund balance, and the City designated the City Council as the responsible party based on the size of City government.

GASB Statement No. 54 also requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The City Council approved the following fund balance order of spending: (1) restricted fund balance, (2) committed fund balance, (3) assigned fund balance, and lastly (4) unassigned fund balance.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The deficit fund equities of \$22,538 in the Senior Center fund are the result of revenues being inadequate to cover expenditures. This deficit is offset through interfund borrowings from the general fund.

NOTE 3 – TRUSTEE ACCOUNT ASSETS

In accordance with the provisions of the General Obligation Warrant issues, the City is required to make monthly installments to escrow accounts for semi-annual interest and principal maturities. As of September 30, 2019, \$258,441 had been accumulated in the escrow accounts for this purpose and is included in restricted cash and cash equivalents on the statement of net position. The trustee accounts are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

As a means of limiting its exposure to interest rate risk, the City limits its investments to those authorized by state statutes and restricts the maximum investment term to less than one year from the purchase date.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables consisted of the following at September 30, 2019:

	Governmental Activities	Business-type Activities	Total
Taxes			
Sales	\$ 585,100	\$ -	\$ 585,100
Intergovernmental	16,481	-	16,481
Customers	-	33,686	33,686
Other	289,153	1,725	290,878
Gross receivables	890,734	35,411	926,145
Less: allowance for uncollectible accounts	-	(33,686)	(33,686)
Net receivables	<u>\$ 890,734</u>	<u>\$ 1,725</u>	<u>\$ 892,459</u>

Payables consisted of the following at September 30, 2019:

	Governmental Activities	Business-type Activities	Total
Trade	\$ 21,584	\$ 86,315	\$ 107,899
Capital assets	125,750	-	125,750
Net payables	<u>\$ 147,334</u>	<u>\$ 86,315</u>	<u>\$ 233,649</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables consisted of the following at September 30, 2019:

General Fund

Balance due from Nonmajor Governmental Funds	\$ 46,435
Balance due to Nonmajor Governmental Funds	(271,104)
Balance due to Solid Waste	17,458
	<u>(207,211)</u>

Nonmajor Governmental Funds

Balance due from General Fund	271,104
Balance due to General Fund	(46,435)
	<u>224,669</u>

Solid Waste

Balance due from General Fund	(17,458)
	<u>\$ -</u>

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

Transfers between funds consisted of the following during the year ended September 30, 2019:

	Transfers In (Out)				Net Transfers Out (In)
	General	Special Revenue	Capital Projects	Debt Service	
Transfers Out (In)					
General Fund	\$ -	\$ 176,149	\$ 5,255,618	\$ 564,518	\$ 5,996,285
Special Revenue	(176,149)	-	-	-	(176,149)
Capital Projects	(5,255,618)	-	-	-	(5,255,618)
Debt Service	(564,518)	-	-	-	(564,518)
Solid Waste	79,900	-	-	-	79,900
Net Transfers In (Out)					
	<u>\$ (5,916,385)</u>	<u>\$ 176,149</u>	<u>\$ 5,255,618</u>	<u>\$ 564,518</u>	<u>\$ 79,900</u>

The City typically uses transfers from the General Fund to fund debt service requirements and capital projects.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2019:

	Governmental Activities			
	October 1, 2018	Additions	Disposals	September 30, 2019
Depreciable assets				
Buildings and improvements	\$ 17,662,451	\$ 604,046	\$ -	\$ 18,266,497
Equipment	4,092,183	515,375	550,093	4,057,465
Infrastructure	14,719,850	20,734	-	14,740,584
	<u>36,474,484</u>	<u>1,140,155</u>	<u>550,093</u>	<u>37,064,546</u>
Less accumulated depreciation				
Buildings and improvements	7,057,007	525,632	-	7,582,639
Equipment	2,623,139	476,891	289,559	2,810,471
Infrastructure	2,728,546	489,634	-	3,218,180
	<u>12,408,692</u>	<u>1,492,157</u>	<u>289,559</u>	<u>13,611,290</u>
	<u>24,065,792</u>	<u>(352,002)</u>	<u>260,534</u>	<u>23,453,256</u>
Non-depreciable assets				
Land and improvements	8,644,267	492,986	54,256	9,082,997
Construction in progress	-	300,662	-	300,662
Assets held for sale	-	-	-	-
	<u>8,644,267</u>	<u>793,648</u>	<u>54,256</u>	<u>9,383,659</u>
	<u>\$ 32,710,059</u>	<u>\$ 441,646</u>	<u>\$ 314,790</u>	<u>\$ 32,836,915</u>

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2019:

	Business-type Activities			
	October 1, 2018	Additions	Disposals	September 30, 2019
Depreciable assets				
Equipment	\$ 30,486	\$ -	\$ -	\$ 30,486
Less accumulated depreciation				
Equipment	28,078	2,408	-	30,486
	<u>\$ 2,408</u>	<u>\$ (2,408)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 6 - CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities

General government	\$ 330,883
Public safety	234,253
Public works	422,764
Culture and recreation	499,067
Welfare	5,190
	\$ 1,492,157

Business-type activities

General government	\$ 2,408
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NOTE 7 - PENSION PLAN

General Information about the Pension Plan

Plan description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,818
Terminated employees entitled to but not yet receiving benefits	1,426
Terminated employees not entitled to a benefit	7,854
Active members	56,760
Post-DROP participants who are still in active service	141
	90,999

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Benefits provided - Continued

The City's membership as of the measurement date of September 30, 2018 consisted of:

Retired members or their beneficiaries currently receiving benefits	24
Vested inactive members	3
Non-vested inactive members	13
Active members	88
Post-DROP participants who are still in active service	-
	128

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2019, the City's active employee contribution rate was 5.79% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 4.64% of pensionable payroll.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Contributions - Continued

The City's contractually required contribution rate for the year ended September 30, 2019 was 5.83% of pensionable pay for Tier 1 employees, and 3.19% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$148,174 for the year ended September 30, 2019.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following table:

	Expected	TPL Roll-Forward Actual	Actual
(a) Total Pension Liability as of September 30, 2017	\$ 9,414,729	\$ 9,480,325	\$ 9,533,122
(b) Discount Rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2017 - September 30, 2018	291,928	291,928	293,749
(d) Transfers Among Employers:	-	(23,486)	(23,486)
(e) Actual Benefit Payments and Refunds for the period October 1, 2017 - September 30, 2018	(437,492)	(437,492)	(437,492)
(f) Total Pension Liability as of September 30, 2018 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 9,981,194</u>	<u>\$ 10,028,388</u>	<u>\$ 10,083,099</u>
(g) Difference between Expected and Actual:		\$ 47,194	
(h) Less Liability Transferred for Immediate Recognition:		<u>(23,486)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 70,680	
(j) Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss] =			\$ 54,711

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Actuarial assumptions

The total pension liability as of September 30, 2018 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

1. An investment rate of return of 7.70% (net of pension plan investment expense), including inflation at 2.75%, per annum compounded annually on the investment of present and future assets.
2. Projected salary increases, based on age, ranging from 3.25% to 5.00%.

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash	3.00%	1.50%
	100%	

*Includes assumed rate of inflation of 2.50%.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Discount rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2017	\$ 9,414,729	\$ 9,097,449	\$ 317,280
Changes for the year:			
Service cost	291,269	-	291,269
Interest	712,689	-	712,689
Changes of assumptions	54,711	-	54,711
Difference between expected and actual experience	70,680	-	70,680
Contributions - employer	-	169,507	(169,507)
Contributions - employee	-	220,070	(220,070)
Net investment income	-	838,640	(838,640)
Benefits of payments, including refunds of employee contributions	(437,492)	(437,492)	-
Transfers among employers	(23,486)	(23,486)	-
Net changes:	668,371	767,239	(98,868)
Balances at September 30, 2018	\$ 10,083,100	\$ 9,864,688	\$ 218,412

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the City's net pension liability calculated using the discount rate of 7.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.70%) or one-percentage-point higher (8.70%) than the current rate:

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

Sensitivity of the net pension liability to changes in the discount rate - Continued

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability (Asset)	\$ 1,431,084	\$ 218,412	\$ (800,452)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditors' report dated August 17, 2019 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2019, the City recognized pension expense of \$62,194. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 218,813	\$ 227,403
Changes of assumptions	260,380	-
Net difference between projected and actual earnings on pension plan investments	-	319,418
Employer contributions subsequent to the measurement date	148,174	-
	\$ 627,367	\$ 546,821

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 7 - PENSION PLAN - Continued

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

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

	Deferred Outflows of Resources
2020	\$ 32,802
2021	(67,084)
2022	(42,428)
2023	13,789
2024	(19,459)
Thereafter	14,751

NOTE 8 - COMMITMENTS

The City leases certain office equipment under noncancelable operating lease agreements. Rent expense paid under the lease agreements during the year ended September 30, 2019 totaled \$9,564. At September 30, 2019, future minimum lease payments due under operating lease agreements for the next three years are as follows:

2020	\$ 8,900
2021	4,689
2022	886
	\$ 14,475

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 9 - LONG-TERM DEBT

The general obligation warrant issues consisted of the following at September 30, 2019:

	Governmental Activities
Series 2014 General Obligation Warrants, dated April 1, 2014, due in semi-annual payments through March 1, 2037, bearing interest rates of 2.00% to 4.00%	\$ 8,990,000
Series 2017 General Obligation Warrants, dated August 30, 2017, due in monthly payments through September 1, 2032, bearing an interest rate of 2.69%	5,437,315
Series 2018 General Obligation Warrants, dated October 9, 2018, due in monthly payments through October 10, 2023, bearing an interest rate of 2.47%	<u>7,118,550</u>
Total warrants payable	<u>21,545,865</u>
Less deferred amounts for:	
Unamortized discounts (2014)	<u>(106,345)</u>
Total warrants payable, net	<u><u>\$ 21,439,520</u></u>

Future principal and interest requirements of the general obligation warrants consisted of the following at September 30:

	Principal	Interest
2020	\$ 1,174,574	\$ 611,218
2021	1,201,012	581,330
2022	1,232,133	551,096
2023	1,263,812	519,555
2024	1,290,419	487,173
2025 - 2029	7,004,755	1,885,750
2030 - 2034	6,484,160	837,579
2035 - 2039	<u>1,895,000</u>	<u>115,700</u>
	<u><u>\$ 21,545,865</u></u>	<u><u>\$ 5,589,401</u></u>

CITY OF VALLEY
Notes to Financial Statements
September 30, 2019
(Continued)

NOTE 9 - LONG-TERM DEBT - Continued

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2019:

Governmental Activities	October 1, 2018	Additions	Retirements	September 30, 2019	Due within one year
Warrants payable:					
General obligation warrants	\$ 17,230,320	\$ 7,500,000	\$ 3,184,455	\$ 21,545,865	\$ 1,174,574
Less: bond discounts	(117,307)	-	(10,962)	(106,345)	(10,962)
Total warrants payable	<u>17,113,013</u>	<u>7,500,000</u>	<u>3,173,493</u>	<u>21,439,520</u>	<u>1,163,612</u>
Other liabilities:					
Net pension liability	311,509	-	96,969	214,540	-
Compensated absences	69,716	-	217	69,499	69,499
	<u>\$ 17,494,238</u>	<u>\$ 7,500,000</u>	<u>\$ 3,270,679</u>	<u>\$ 21,723,559</u>	<u>\$ 1,233,111</u>

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2019:

Business-type Activities	October 1, 2018	Additions	Retirements	September 30, 2019	Due within one year
Other liabilities:					
Net pension liability	\$ 5,772	\$ -	\$ 1,900	\$ 3,872	\$ -
Compensated absences	2,485	-	-	2,485	2,485
	<u>\$ 8,257</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 6,357</u>	<u>\$ 2,485</u>

NOTE 10 - CONTINGENCIES

The City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed or not incurred in a timely manner under the terms of the grant. City management believes such disallowances, if any, would be immaterial.

NOTE 11 - SUBSEQUENT EVENT

In October 2019, the City issued General Obligation Warrants, Series 2019 in the amount of \$5,000,000 for capital improvements. The warrants pay interest at a fixed rate of 2.78%, due monthly until maturity in October 2034. In late October and early November of 2019, the Valley Wal-Mart suffered a fire that closed the business for three days and cause only partial openings for another 9 to 10 days. This caused the City to lose about \$120,000 in sales tax revenue over that time period.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VALLEY
 Budgetary Comparison Schedule - General Fund
 Year ended September 30, 2019
 (Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales and miscellaneous	\$ 6,550,000	\$ 6,550,000	\$ 7,353,157	\$ 803,157
Other	495,900	495,900	570,316	74,416
Licenses and permits	1,710,000	1,710,000	1,774,149	64,149
Intergovernmental	750,000	750,000	65,800	(684,200)
Charges for services	521,850	521,850	563,444	41,594
Fines and forfeitures	45,000	45,000	48,301	3,301
Contributions	41,200	45,360	31,579	(13,781)
Interest	202,000	202,000	24,988	(177,012)
Other	150	150	10,488	10,338
Total revenue	<u>10,316,100</u>	<u>10,320,260</u>	<u>10,442,222</u>	<u>121,962</u>
Expenditures, current				
General government	1,792,030	1,792,830	1,792,067	(763)
Public safety	2,337,544	2,316,949	2,272,498	(44,451)
Public works	1,186,100	1,206,193	1,258,283	52,090
Health and sanitation	40,895	40,895	41,750	855
Culture and recreation	1,326,681	1,329,506	1,274,286	(55,220)
Welfare	20,318	40,318	37,937	(2,381)
Urban rehabilitation	85,000	85,000	34,985	(50,015)
Capital outlay	1,316,500	1,537,397	1,141,655	(395,742)
Debt service				
Principal retirement	3,140,000	3,140,000	3,099,455	(40,545)
Interest and fees	333,200	333,200	328,156	(5,044)
Issuance of debt costs	20,000	20,000	20,000	-
Total expenditures	<u>11,598,268</u>	<u>11,842,288</u>	<u>11,301,072</u>	<u>(541,216)</u>
Deficiency of revenues under expenditures	<u>(1,282,168)</u>	<u>(1,522,028)</u>	<u>(858,850)</u>	<u>663,178</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	14,576	14,576
Issuance of warrants	7,500,000	7,500,000	7,500,000	-
Premiums from issuance of warrants	-	-	-	-
Transfers (out) in	(5,673,934)	(5,674,995)	(5,916,385)	(241,390)
Total other financing sources (uses)	<u>1,826,066</u>	<u>1,825,005</u>	<u>1,598,191</u>	<u>(226,814)</u>
Net change in fund balance	<u>\$ 543,898</u>	<u>\$ 302,977</u>	<u>\$ 739,341</u>	<u>\$ 436,364</u>

See note to required supplementary information.

CITY OF VALLEY
Note to Required Supplementary Information
Budgetary Practices
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT BUDGETARY PRACTICES

The City Council adopts a budget for the general fund at the beginning of each fiscal year in accordance with Alabama law. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Budgets are not prepared or adopted in conformity with GAAP. Reported budget amounts are as originally adopted or as amended by the Council by resolution. Actual amounts are reported in accordance with GAAP. Adjustments to reconcile budget information to GAAP information can be found on the Budgetary Comparison Schedule - General Fund.

Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: General Government, Public Safety, Public Works, Health and Sanitation, Culture and Recreation, Welfare, and Urban Rehabilitation. This constitutes the legal level of control. Expenditures may exceed budgetary appropriations only with prior Council approval.

CITY OF VALLEY
Schedule of Changes in the Net Pension Liability
Years ended September 30, 2014 through 2018
(Unaudited)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 291,269	\$ 291,928	\$ 270,926	\$ 250,225	\$ 258,426
Interest	712,689	694,594	635,629	587,268	555,700
Differences between expected and actual experience	70,680	(322,155)	158,494	171,082	-
Changes of assumptions	54,711	-	378,109	-	-
Benefit payments, including refunds of employee contributions	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)
Transfers among employees	(23,486)	30,339	6,088	-	-
Net change in total pension liability	668,371	209,746	1,069,996	579,687	403,972
Total pension liability - beginning	9,414,729	9,204,983	8,134,987	7,555,300	7,151,328
Total pension liability - ending (a)	\$ 10,083,100	\$ 9,414,729	\$ 9,204,983	\$ 8,134,987	\$ 7,555,300
Plan fiduciary net position					
Contributions - employer	\$ 169,507	\$ 160,560	\$ 164,716	\$ 146,549	\$ 143,323
Contributions - member	220,070	218,188	177,318	163,504	151,007
Net investment income	838,640	1,036,931	753,471	86,959	788,943
Benefit payments, including refunds of employee contributions	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)
Transfers among employers	(23,486)	30,339	6,088	113,442	52,310
Net change in plan fiduciary net position	767,239	961,058	722,343	81,566	725,429
Plan net position - beginning	9,097,449	8,136,390	7,414,047	7,332,481	6,607,052
Plan net position - ending (b)	\$ 9,864,688	\$ 9,097,448	\$ 8,136,390	\$ 7,414,047	\$ 7,332,481
Net pension liability (a) - (b)	\$ 218,412	\$ 317,281	\$ 1,068,593	\$ 720,940	\$ 222,819
Plan fiduciary net position as a percentage of the total pension liability	97.83%	96.63%	88.39%	91.14%	97.05%
Covered payroll	\$ 3,312,210	\$ 3,144,900	\$ 3,140,417	\$ 2,915,994	\$ 2,648,355
Net pension liability as a percentage of covered payroll	6.59%	10.09%	34.03%	24.72%	8.41%

See note to required supplementary information.

CITY OF VALLEY
Schedule of Employer Contributions
Years ended September 30, 2015 through 2019
(Unaudited)

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 137,228	\$ 157,625	\$ 160,560	\$ 164,716	\$ 146,549
Contributions in relation to the actuarially determined contributions	148,174	157,625	160,560	164,716	146,549
Contributions deficiency (excess)	\$ (10,946)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,958,624	\$ 3,312,210	\$ 3,144,900	\$ 3,140,417	\$ 2,915,994
Contributions as a percentage of covered payroll	4.64%	4.76%	5.11%	5.25%	5.03%

See note to required supplementary information.

CITY OF VALLEY
Note to Required Supplementary Information
Pension Plan Practices
September 30, 2019
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

Actuarially determined contribution rates are calculated as of September 30, 2018, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2019 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	12.4 years
Asset valuation method	Five-year smoothed market
Inflation	3.0%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense,

SUPPLEMENTARY INFORMATION

CITY OF VALLEY
Nonmajor Special Revenue Funds
September 30, 2019

Non-Major Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Seven-cent State Gasoline Tax Fund - This fund is used to account for the City's share of revenues to be used exclusively for the purposes of paying the costs of transportation planning, the construction, reconstruction, maintenance, widening, alteration and improvement of public roads, bridges, streets, and other public ways.

Four-cent State Gasoline Tax Fund - This fund is used to account for the City's share of revenues to be used exclusively for the purposes of paying the costs of resurfacing, restoration, and rehabilitation of roads, bridges and streets, and bridge replacement and road construction.

Ten-cent State Gasoline Tax Fund - This fund is used to account for the City's share of revenues to be used exclusively for the purposes of paying the costs of resurfacing, restoration, and rehabilitation of roads, bridges and streets, and bridge replacement and road construction.

Senior Center Fund - This fund is used to account for the grant revenues that are specifically restricted to the operation of a program which provides meals and other social services to persons 60 years or older.

Community Development Fund - This fund is used to account for grant revenues that are specifically restricted for use in making community improvements for recreation and sewers.

Cemetery Fund - This fund is used to account for moneys set aside for cemetery upkeep.

CITY OF VALLEY
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2019

	\$.07 State Gas Tax	\$.04 State Gas Tax	\$.10 State Gas Tax	Senior Center	Community Development	Cemetery	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 61,627	\$ 34,627	\$ 100	\$ 6,931	\$ 136,196	\$ 58,137	\$ 297,618
Taxes receivable, net	8,835	7,646	-	-	-	-	16,481
Other receivables	-	-	-	1,612	-	50	1,662
Prepaid expense	-	-	-	4,199	-	-	4,199
Due from other funds	5,000	-	-	-	(7,545)	-	(2,545)
Total assets	<u>\$ 75,462</u>	<u>\$ 42,273</u>	<u>\$ 100</u>	<u>\$ 12,742</u>	<u>\$ 128,651</u>	<u>\$ 58,187</u>	<u>\$ 317,415</u>
Liabilities							
Accounts payable	\$ 5,109	\$ -	\$ -	\$ 1,374	\$ 50	\$ 115	\$ 6,648
Accrued payroll and benefits	-	-	-	3,823	-	-	3,823
Due to other funds	5,073	-	-	30,083	3,332	403	38,891
Due to other governments	-	-	-	-	639	-	639
Total liabilities	<u>10,182</u>	<u>-</u>	<u>-</u>	<u>35,280</u>	<u>4,021</u>	<u>518</u>	<u>50,001</u>
Fund balance (deficit)							
Restricted	65,280	42,273	100	-	-	57,669	165,322
Unassigned	-	-	-	(22,538)	124,630	-	102,092
Total fund balance (deficit)	<u>65,280</u>	<u>42,273</u>	<u>100</u>	<u>(22,538)</u>	<u>124,630</u>	<u>57,669</u>	<u>267,414</u>
Total liabilities and fund balance (deficit)	<u>\$ 75,462</u>	<u>\$ 42,273</u>	<u>\$ 100</u>	<u>\$ 12,742</u>	<u>\$ 128,651</u>	<u>\$ 58,187</u>	<u>\$ 317,415</u>

See notes to financial statements.

CITY OF VALLEY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended September 30, 2019

	<u>\$.07 State Gas Tax</u>	<u>\$.04 State Gas Tax</u>	<u>\$.010 State Gas Tax</u>	<u>Senior Center</u>	<u>Community Development</u>	<u>Cemetery</u>	Total Nonmajor Special Revenue Funds
Revenues							
Taxes - intergovernmental	\$ 62,138	\$ 48,879	\$ -	\$ -	\$ -	\$ -	\$ 111,017
Other - intergovernmental	-	-	-	17,441	-	-	17,441
Contributions	-	-	-	11,897	150,000	8,380	170,277
Interest	576	231	-	31	607	402	1,847
Other	-	-	-	-	-	11,700	11,700
Total revenues	<u>62,714</u>	<u>49,110</u>	<u>-</u>	<u>29,369</u>	<u>150,607</u>	<u>20,482</u>	<u>312,282</u>
Expenditures							
Public works	14,944	30,351	-	-	178	-	45,473
Welfare	-	-	-	190,965	-	13,121	204,086
Total expenditures	<u>14,944</u>	<u>30,351</u>	<u>-</u>	<u>190,965</u>	<u>178</u>	<u>13,121</u>	<u>249,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,770</u>	<u>18,759</u>	<u>-</u>	<u>(161,596)</u>	<u>150,429</u>	<u>7,361</u>	<u>62,723</u>
Capital outlay	-	-	-	-	80,034	-	80,034
Other financing (uses) sources							
Proceeds from the sale of timber	-	-	-	-	-	11,743	11,743
Transfers in	152	25,682	100	162,264	65,800	468	254,466
Transfers out	(32,878)	(45,439)	-	-	-	-	(78,317)
Total other financing (uses) sources	<u>(32,726)</u>	<u>(19,757)</u>	<u>100</u>	<u>162,264</u>	<u>65,800</u>	<u>12,211</u>	<u>187,892</u>
Net change in fund balance (deficit)	15,044	(998)	100	668	136,195	19,572	170,581
Fund balance (deficit) - beginning of year	<u>50,236</u>	<u>43,271</u>	<u>-</u>	<u>(23,206)</u>	<u>(11,565)</u>	<u>38,097</u>	<u>96,833</u>
Fund balance (deficit) - end of year	<u>\$ 65,280</u>	<u>\$ 42,273</u>	<u>\$ 100</u>	<u>\$ (22,538)</u>	<u>\$ 124,630</u>	<u>\$ 57,669</u>	<u>\$ 267,414</u>

See notes to financial statements.

CITY OF VALLEY
Nonmajor Capital Project Funds
September 30, 2019

Non-Major Capital Project Funds - Non-Major Capital Project Funds are used to account for the acquisition and improvement of major capital assets of the City.

Municipal Government Capital Improvement Fund - This fund is used to account for the City's share of revenues to be used exclusively for the purposes of paying the costs of capital improvements or the renovation of capital improvements or to retire debt associated with capital improvements.

Capital Project Fund - This fund is used to account for the City's improvements and construction of the Senior Center and Venue Project, including the Fairfax Bypass road extension and improvements to the surrounding area.

Industrial Park Fund - A Capital Project Fund to account for financial resources to be used for the purpose of the acquisition and construction of Industrial Park facilities in the City. Transfers from the City are used to pay Industrial Park expenditures.

CITY OF VALLEY
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2019

	Municipal Government Capital Improvement	Capital Projects	Industrial Park	Total Nonmajor Capital Project Funds
Assets				
Cash and cash equivalents	\$ 89,419	\$ 4,843,522	\$ 557,854	\$ 5,490,795
Due from other funds	90,000	176,105	-	266,105
Total assets	\$ 179,419	\$ 5,019,627	\$ 557,854	\$ 5,756,900
Liabilities				
Accounts payable	\$ -	\$ 21,150	\$ 3,424	\$ 24,574
Total liabilities	-	21,150	3,424	24,574
Fund balance				
Restricted for capital projects	-	4,998,477	-	4,998,477
Assigned for capital projects	179,419	-	554,430	733,849
Total fund balance	179,419	4,998,477	554,430	5,732,326
Total liabilities and fund balance	\$ 179,419	\$ 5,019,627	\$ 557,854	\$ 5,756,900

See notes to financial statements.

CITY OF VALLEY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
Year ended September 30, 2019

	Municipal Government Capital Improvement	Capital Projects	Industrial Park	Total Nonmajor Capital Project Funds
Revenues				
Other - intergovernmental	\$ 87,754	\$ -	\$ -	\$ 87,754
Interest	488	41,753	5,778	48,019
Other	-	-	2,667	2,667
Total revenues	<u>88,242</u>	<u>41,753</u>	<u>8,445</u>	<u>138,440</u>
Expenditures				
Public works	178	178	339,440	339,796
Capital outlay	-	220,628	365,736	586,364
Total expenditures	<u>178</u>	<u>220,806</u>	<u>705,176</u>	<u>926,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>88,064</u>	<u>(179,053)</u>	<u>(696,731)</u>	<u>(787,720)</u>
Other financing uses				
Proceeds from sale of capital assets	-	-	400,000	400,000
Proceeds from sale of timber	-	-	211,632	211,632
Transfers in	1,355	5,551,484	365,836	5,918,675
Transfers out	(1,255)	(499,853)	(161,950)	(663,058)
Total other financing uses	<u>100</u>	<u>5,051,631</u>	<u>815,518</u>	<u>5,867,249</u>
Net change in fund balance	88,164	4,872,578	118,787	5,079,529
Fund balance - beginning of year	<u>91,255</u>	<u>125,899</u>	<u>435,643</u>	<u>652,797</u>
Fund balance - end of year	<u>\$ 179,419</u>	<u>\$ 4,998,477</u>	<u>\$ 554,430</u>	<u>\$ 5,732,326</u>

See notes to financial statements.

CITY OF VALLEY
Nonmajor Debt Service Funds
September 30, 2019

Nonmajor Debt Service Funds - Non-Major Debt Service Funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt. Debt service revenues are generally transferred from other governmental funds.

CITY OF VALLEY
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2019

	<u>Debt Service</u>
Assets	
Cash and cash equivalents	<u>\$ 258,441</u>
Total assets	<u>\$ 258,441</u>
Fund balance	
Restricted for debt service	<u>\$ 258,441</u>
Total fund balance	<u>\$ 258,441</u>

See notes to financial statements.

CITY OF VALLEY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended September 30, 2019

	Debt Service
Revenues	
Interest	\$ 2,499
Total revenues	2,499
 Expenditures	
Debt service	
Principal retirement	85,000
Interest and fees	298,706
Total expenditures	383,706
Deficiency of revenues under expenditures	(381,207)
 Other financing sources	
Transfers in	564,518
Total other financing sources	564,518
Net change in fund balance	183,311
Fund balance - beginning of year	75,130
Fund balance - end of year	\$ 258,441

See notes to financial statements.

CITY OF VALLEY
Discretely Presented Component Unit
September 30, 2019

Discretely Presented Component Unit - The City of Valley Historic Preservation Commission is a discretely presented component unit of the City of Valley. The Commission's ten board members are appointed by the City's Mayor and receives funding from the City.

CITY OF VALLEY
Statement of Net Position
Discretely Presented Component Unit
September 30, 2019

Assets

Current assets

Cash and cash equivalents

\$ 64,137

Total assets

64,137

Net position

Restricted - Cemetery

44,192

Unrestricted

19,945

Total net position

\$ 64,137

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit
Year ended September 30, 2019

Operating revenues	
Contributions and donations	\$ 10,000
Total operating revenues	<u>10,000</u>
 Operating expenses	
Supplies and expenses	<u>7,385</u>
Total operating expenses	<u>7,385</u>
Change in net position	2,615
Net position - beginning of year	<u>61,522</u>
Net position - end of year	<u><u>\$ 64,137</u></u>

See notes to financial statements.

CITY OF VALLEY
Statement of Cash Flows
Discretely Presented Component Unit
Year ended September 30, 2019

Cash flows from operating activities	
Cash receipts from customers	\$ 10,000
Cash paid to employees for services	<u>(9,182)</u>
Net cash provided by operating activities	<u>818</u>
Net increase in cash and cash equivalents	818
Cash and cash equivalents - beginning of year	<u>63,319</u>
Cash and cash equivalents - end of year	<u>\$ 64,137</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 2,615
Adjustment to reconcile operating income to net cash provided by operating activities	
Decrease in:	
Accounts payable	<u>(1,797)</u>
Net cash provided by operating activities	<u>\$ 818</u>

See notes to financial statements.

CITY OF VALLEY
Schedule of Debt Service
General Obligation Warrants
September 30, 2019

Year ending September 30,	General Obligation Warrants, Series 2018		General Obligation Warrants, Series 2017		General Obligation Warrants, Series 2014		Total General Long-term Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	\$ 426,557	\$ 173,854	\$ 353,017	\$ 144,283	\$ 395,000	\$ 293,081	\$ 1,174,574	\$ 611,218	\$ 1,785,792
2021	437,845	162,566	363,167	134,133	400,000	284,631	1,201,012	581,330	1,782,342
2022	448,936	151,474	373,197	124,103	410,000	275,519	1,232,133	551,096	1,783,229
2023	460,309	140,102	383,503	113,797	420,000	265,656	1,263,812	519,555	1,783,367
2024	471,612	128,799	393,807	103,493	425,000	254,881	1,290,419	487,173	1,777,592
2025	483,918	116,494	404,971	92,329	440,000	243,306	1,328,889	452,129	1,781,018
2026	496,176	104,235	416,155	81,145	450,000	230,788	1,362,331	416,168	1,778,499
2027	508,746	91,666	427,648	69,652	465,000	217,344	1,401,394	378,662	1,780,056
2028	521,413	78,998	439,296	58,004	475,000	202,947	1,435,709	339,949	1,775,658
2029	534,842	65,569	451,590	45,710	490,000	187,563	1,476,432	298,842	1,775,274
2030	548,391	52,020	464,062	33,238	510,000	170,675	1,522,453	255,933	1,778,386
2031	562,283	38,128	476,878	20,422	520,000	152,130	1,559,161	210,680	1,769,841
2032	576,459	23,952	490,024	7,275	545,000	132,155	1,611,483	163,382	1,774,865
2033	591,131	9,281	-	-	560,000	110,600	1,151,131	119,881	1,271,012
2034	49,932	103	-	-	590,000	87,600	639,932	87,703	727,635
2035	-	-	-	-	605,000	63,700	605,000	63,700	668,700
2036	-	-	-	-	635,000	38,900	635,000	38,900	673,900
2037	-	-	-	-	655,000	13,100	655,000	13,100	668,100
	<u>\$7,118,550</u>	<u>\$1,337,241</u>	<u>\$5,437,315</u>	<u>\$1,027,584</u>	<u>\$8,990,000</u>	<u>\$3,224,576</u>	<u>\$21,545,865</u>	<u>\$5,589,401</u>	<u>\$27,135,266</u>

See notes to financial statements.