

CITY OF VALLEY
VALLEY, ALABAMA

Financial Statements

September 30, 2021

CITY OF VALLEY

VALLEY, ALABAMA

LIST OF PRINCIPAL OFFICIALS OF THE CITY OF VALLEY

MAYOR

Leonard Riley

CITY COUNCIL

Jim Clark	District 1
James L. Jones	District 2
Randall Maddux	District 3
Marquetta Madden	District 4
Kendall Andrews	District 5
Henry L. Cooper	District 6
Jimmy Gilson	District 7

**CITY TREASURER /
CITY CLERK**

Kathy Snowden

CITY ATTORNEY

John Ben Jones, Attorney at Law

CITY OF VALLEY
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

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

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, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

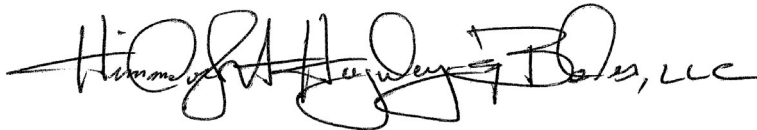
Required Supplementary Information

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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Valley, Alabama's basic financial statements. The introductory section, 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, 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 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

City of Valley, Alabama

For the Year Ended September 30, 2021

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 \$7,193,334.
- The total cost of all the City's programs was \$10,176,006.
- During the year, the City had expenses of \$9,379,289 for governmental activities, which was \$7,193,334 less than the \$16,572,623 generated in general and program revenues.
- The City's combined assets exceeded its combined liabilities by \$32,347,080 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 made progress on its paving projects and purchased new equipment.
- The City continues to budget for demolition of houses and general clean up.

Other Notable Highlights

- The City sold property to Chris Clark Properties (11 lots) to develop.
- The City is in a "Clean-up Mode" for nuisance cars and dilapidated houses.
- The City adopted an ordinance to clean-up nuisance cars, inoperable cars, cars that are out of commission, no tags, or don't run that are just sitting in yards inside the city limits.
- The City is continuing to sponsor baseball and softball tournaments to utilize the fields and to increase sales tax revenue.
- The City has added an additional storage building behind the Community Center to store tables and chairs in a more organized manner for community events.
- The City purchased additional police vehicles and surplused the old police vehicles, which made them available for sale. The City is in the process of revising the police vehicle fleet.
- The City completed the paving of the cemeteries, with minimal funds expended, in a one-year timeframe. The City also expanded the Fairfax and Fairview Cemeteries with plans to start selling additional plots in the Spring of 2022.

- The agreement between the City of Valley and City of Lanett, for new LED lights at Exit 77, was completed within a week and created a much brighter exit ramp than the previous set of lights.
- The City accepted bids for the sprinkler system, at City Hall and Police Department, and the conference room table at City Hall. The conference room table was completed in FY2021, while the sprinkler system was completed in early FY2022. The City also upgraded the floors in the Business License and Solid Waste departments. The City is continuing to modernize their buildings and offices. The City is also upgrading the seats in the Council Chamber at City Hall, but at the current time the City is still awaiting delivery of these seats.
- The City accepted bids for the Combs property sewer conduit. The City has accepted the bid for the Combs property sewer conduit from Alabama Power for the Phase III line to the lift station. The City has installed the conduit, sewer and the lift station, but is currently waiting on Alabama Power to run the power line.
- The City started paying for the infrastructure at the Combs property and had to do an 882 amendment in order to include Holland Homes in the project.
- The City has identified the cost of doing the sewer project and infrastructure on the Comb's property. The City awarded and signed the contract. The City had to go to court to get it approved by the Circuit Court before expending any funds.
- The City issued a new bond on May 24, 2021, in the amount of \$5 million from Auburn Bank.

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 16 and 18) 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 19. 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 10. 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 19. 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, 2021 was \$32,347,080. The governmental activities net position was \$32,220,943, and the business-type activities net position was \$126,137. 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,	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$19,432,185	\$13,668,121	\$ 234,028	\$ 279,156	\$19,666,213	\$13,947,277
Capital assets	41,669,275	36,995,060	-	-	41,669,275	36,995,060
Total assets	<u>61,101,460</u>	<u>50,663,181</u>	<u>234,028</u>	<u>279,156</u>	<u>61,335,488</u>	<u>50,942,337</u>
Deferred outflows of resources						
Deferred outflows related to pensions	705,277	611,990	14,992	12,000	720,269	623,990
Deferred charge on refunding	1,137,158	1,236,809	-	-	1,137,158	1,236,809
Total deferred outflows of resources	<u>1,842,435</u>	<u>1,848,799</u>	<u>14,992</u>	<u>12,000</u>	<u>1,857,427</u>	<u>1,860,799</u>
Liabilities						
Long-term liabilities	29,654,546	25,740,137	22,813	12,926	29,677,359	25,753,063
Other liabilities	905,966	1,528,924	90,556	152,663	996,522	1,681,587
Total liabilities	<u>30,560,512</u>	<u>27,269,061</u>	<u>113,369</u>	<u>165,589</u>	<u>30,673,881</u>	<u>27,434,650</u>
Deferred inflows of resources						
Pension deferrals	162,440	215,310	1,781	3,150	164,221	218,460
Deferred revenue	-	-	7,733	-	7,733	-
Total deferred inflows of resources	<u>162,440</u>	<u>215,310</u>	<u>9,514</u>	<u>3,150</u>	<u>171,954</u>	<u>218,460</u>
Net Position						
Net investment in capital assets	14,178,021	13,135,795	-	-	14,178,021	13,135,795
Restricted	11,829,454	6,494,638	-	-	11,829,454	6,494,638
Unrestricted	6,213,468	5,397,176	126,137	122,417	6,339,605	5,519,593
Total net position	<u>\$32,220,943</u>	<u>\$25,027,609</u>	<u>\$ 126,137</u>	<u>\$ 122,417</u>	<u>\$32,347,080</u>	<u>\$25,150,026</u>

For more detailed information, see the Statement of Net Position on pages 16 and 17.

The City's unrestricted net position for governmental activities that can be used to finance day-to-day operations was \$6,213,468.

Changes in Net Position

The City's Change in Net Position of the governmental activities was \$7,193,334 and the change in net position of business-type activities was \$3,720.

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,	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 529,737	\$ 393,400	\$ 799,199	\$ 796,861	\$ 1,328,936	\$ 1,190,261
Operating grants and contributions	132,381	69,037	-	-	132,381	69,037
Capital grants and contributions	4,303,393	914,962	-	-	4,303,393	914,962
General revenues						
Sales taxes	8,952,226	8,078,376	-	-	8,952,226	8,078,376
Other taxes	687,709	554,202	-	-	687,709	554,202
License and Permits	1,876,920	1,814,892	-	-	1,876,920	1,814,892
Interest earnings	55,715	81,407	1,238	1,605	56,953	83,012
Gain/(Loss) on disposal of capital assets	34,542	148,653	-	-	34,542	148,653
Gain/(Loss) on sale of timber	-	105,750	-	-	-	105,750
Total revenues	<u>16,572,623</u>	<u>12,160,679</u>	<u>800,437</u>	<u>798,466</u>	<u>17,373,060</u>	<u>12,959,145</u>
Expenses						
General administration	2,060,313	2,048,399	-	-	2,060,313	2,048,399
Public safety	2,506,469	2,380,653	-	-	2,506,469	2,380,653
Public works	1,821,299	1,743,734	-	-	1,821,299	1,743,734
Health	41,750	41,750	-	-	41,750	41,750
Culture and recreation	1,818,891	1,691,645	-	-	1,818,891	1,691,645
Welfare	210,378	231,995	-	-	210,378	231,995
Urban rehabilitation	72,598	72,347	-	-	72,598	72,347
Interest on long-term debt	847,591	912,117	-	-	847,591	912,117
Solid waste	-	-	796,717	744,854	796,717	744,854
Total expenses	<u>9,379,289</u>	<u>9,122,640</u>	<u>796,717</u>	<u>744,854</u>	<u>10,176,006</u>	<u>9,867,494</u>
Excess before transfers	<u>7,193,334</u>	<u>3,038,039</u>	<u>3,720</u>	<u>53,612</u>	<u>7,197,054</u>	<u>3,091,651</u>
Transfers	-	31,016	-	(31,016)	-	-
Change in net position	<u>7,193,334</u>	<u>3,069,055</u>	<u>3,720</u>	<u>22,596</u>	<u>7,197,054</u>	<u>3,091,651</u>
Beginning net position	<u>25,027,609</u>	<u>21,958,554</u>	<u>122,417</u>	<u>99,821</u>	<u>25,150,026</u>	<u>22,058,375</u>
Total net position	<u>\$32,220,943</u>	<u>\$25,027,609</u>	<u>\$ 126,137</u>	<u>\$ 122,417</u>	<u>\$32,347,080</u>	<u>\$25,150,026</u>

For more detailed information, see the Statement of Activities on page 18.

The governmental activities total revenues increased by 36.28% to \$16,572,623 due primarily to an increase in sales tax revenue and the sale of capital assets. Sales taxes account for 54.02% 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 0.25%.

The total cost of all programs and services increased by \$308,512. The cost of governmental activities increased by \$256,649 and the cost of business-type activities increased by \$51,863.

Governmental Activities

The change in net position of governmental activities was \$7,193,334, 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 \$3,720, resulting primarily from transfers to the General Fund.

THE CITY'S FUNDS

Governmental Funds

As of September 30, 2021, the Governmental Funds reported a combined fund balance of \$18,638,581, which is 34.24% more than the beginning of the year. The Governmental Funds experienced a net increase of \$6,381,786 resulting primarily from proceeds from issuance of bonds.

Business-type Funds

As of September 30, 2021, business-type funds reported a combined net position of \$126,137. The business-type funds Change in Net Position totaled \$3,720.

General Fund Budgetary Highlights

General Fund revenues exceeded budget by \$1,085,813, 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 greater than budgeted amounts by \$284,292, largely due to an increase in spending on operations to provide funding for capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had \$41,669,275 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 \$4,674,215 or 12.63% more than last year. The increase can be attributed to the capital projects that are ongoing for water and sewer improvements at both John Soules Foods and Langdale.

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$10,155,981	\$ 9,242,101	\$ -	\$ -	\$10,155,981	\$ 9,242,101
Construction in progress	6,107,194	5,212,642	-	-	6,107,194	5,212,642
Infrastructure, net	14,154,158	11,050,249	-	-	14,154,158	11,050,249
Equipment, net	1,500,139	1,276,339	-	-	1,500,139	1,276,339
Buildings and improvements, net	9,751,803	10,199,278	-	-	9,751,803	10,199,278
Capital assets held for sale, net	-	14,451	-	-	-	14,451
Total capital assets, net	<u>\$41,669,275</u>	<u>\$36,995,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$41,669,275</u>	<u>\$36,995,060</u>

Computation of Legal Debt Margin

Section 772

Assessed value of real and personal taxable property as of

September 30, 2021⁽¹⁾ \$ 100,564,160

Debt limit, fifty percent of assessed value (constitutional limitation)⁽²⁾ \$ 50,282,080

Debt in governmental activities 28,628,412

Total general obligation debt for computation 28,628,412

Net bonded indebtedness 28,628,412

Legal debt margin \$ 21,653,668

(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, 2021, the City had \$28,628,412 in warrants payable outstanding versus \$25,096,074 at September 30, 2020, an increase of 12.34%. This increase resulted primarily from the issuance of new bonds Series 2021 (Tax-Exempt) and 2021 (Taxable) and refinancing of the Series 2020 (Taxable) bonds with some of the proceeds.

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, 2022. The City Council took the Mayor's proposed budget under consideration and, after further review and evaluation, adopted the fiscal year 2022 budget. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenses and the overall economy were some of these factors.

Total investments in Chambers County 2020 - \$140,000,000.

Holland Homes is creating a new subdivision with eight phases. Phase one includes 28 new homes in the first Rural Alabama Power Smart Neighborhood. The cost of the homes is between \$179k - \$200k.

The Valley Industrial Park is acquiring their Food & Beverage Site Certification. This will increase the marketability to prospective companies seeking to locate their facilities in the Food & Beverage sector. This will allow the City of Valley to further separate itself from our competitors in the State of Alabama and the Southeast.

Circle of Care Center and the Chambers County Development Authority (CCDA) have partnered to bring an Entrepreneurial Center to the City of Valley. The business incubation program and facility are located in the City of Valley and focuses on helping small business start-ups.

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 City of Valley and the CCDA, meeting with residential developers.

City of Valley is located within a US designated Opportunity Zone. The Rural Recovery Accelerator is a new community-oriented technical assistance program designed to help low income and rural communities build the economic resiliency strategies they need to survive the current crisis.

These indicators were taken into account when adopting the General Fund budget for the fiscal year ended September 30, 2022. Amounts available for expenditures, capital outlay and debt service in the General Fund budget are \$10,979,300 for the fiscal year 2022. The City took into consideration the current economic environment and its effect on the City when budgeting expenditures for the fiscal year 2022.

If these estimates are realized, the City's budgetary fund balance is expected to increase moderately by the close of fiscal year 2022.

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.

BASIC FINANCIAL STATEMENTS

CITY OF VALLEY
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
Assets				
Current assets				
Cash and cash equivalents	\$ 18,351,112	\$ 231,107	\$ 18,582,219	\$ 69,738
Taxes receivable, net	779,827	-	779,827	-
Other receivables	168,845	1,725	170,570	-
Prepaid expenses	132,401	1,196	133,597	-
Total current assets	<u>19,432,185</u>	<u>234,028</u>	<u>19,666,213</u>	<u>69,738</u>
Noncurrent assets				
Nondepreciable capital assets	16,263,175	-	16,263,175	-
Depreciable capital assets, net	25,406,100	-	25,406,100	6,221
Total noncurrent assets	<u>41,669,275</u>	<u>-</u>	<u>41,669,275</u>	<u>6,221</u>
Total assets	<u>61,101,460</u>	<u>234,028</u>	<u>61,335,488</u>	<u>75,959</u>
Deferred outflows of resources				
Deferred outflows related to pensions	705,277	14,992	720,269	-
Deferred charge on refunding	1,137,158	-	1,137,158	-
Total deferred outflows of resources	<u>1,842,435</u>	<u>14,992</u>	<u>1,857,427</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 62,943,895</u>	<u>\$ 249,020</u>	<u>\$ 63,192,915</u>	<u>\$ 75,959</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Net Position
September 30, 2021
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
Liabilities				
Current liabilities				
Accounts payable	\$ 745,754	\$ 74,406	\$ 820,160	\$ 800
Accrued payroll and benefits	59,628	1,312	60,940	-
Accrued interest payable	37,290	-	37,290	-
Due to (from) other funds	(12,417)	12,417	-	-
Due to other governments	639	-	639	-
Compensated absences	75,072	2,421	77,493	-
Current portion of warrants payable, net	1,864,682	-	1,864,682	-
Total current liabilities	<u>2,770,648</u>	<u>90,556</u>	<u>2,861,204</u>	<u>800</u>
Noncurrent liabilities				
Warrants payable, net	26,763,730	-	26,763,730	-
Net pension liability	1,026,134	22,813	1,048,947	-
Total noncurrent liabilities	<u>27,789,864</u>	<u>22,813</u>	<u>27,812,677</u>	<u>-</u>
Total liabilities	<u>30,560,512</u>	<u>113,369</u>	<u>30,673,881</u>	<u>800</u>
Deferred inflows of resources				
Deferred inflows related to pensions	162,440	1,781	164,221	-
Deferred revenue	-	7,733	7,733	-
Total deferred inflows of resources	<u>162,440</u>	<u>9,514</u>	<u>171,954</u>	<u>-</u>
Net position				
Net investment in capital assets	14,178,021	-	14,178,021	-
Restricted for				
Special revenue	481,553	-	481,553	-
Cemetery	-	-	-	50,210
Capital Projects	11,347,901	-	11,347,901	-
Unrestricted	6,213,468	126,137	6,339,605	24,949
Total net position	<u>32,220,943</u>	<u>126,137</u>	<u>32,347,080</u>	<u>75,159</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 62,943,895</u>	<u>\$ 249,020</u>	<u>\$ 63,192,915</u>	<u>\$ 75,959</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Activities
Year ended September 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Valley Historic Preservation Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 2,060,313	\$ 32,614	\$ -	\$ 1,542,878	\$ (484,821)	\$ -	\$ (484,821)	\$ -
Public safety	2,506,469	50,667	-	-	(2,455,802)	-	(2,455,802)	-
Public works	1,821,299	14,634	-	2,760,515	953,850	-	953,850	-
Health	41,750	-	-	-	(41,750)	-	(41,750)	-
Culture and recreation	1,818,891	420,822	48,886	-	(1,349,183)	-	(1,349,183)	-
Welfare	210,378	11,000	83,495	-	(115,883)	-	(115,883)	-
Urban rehabilitation	72,598	-	-	-	(72,598)	-	(72,598)	-
Interest on long-term debt	847,591	-	-	-	(847,591)	-	(847,591)	-
Total governmental activities	9,379,289	529,737	132,381	4,303,393	(4,413,778)	-	(4,413,778)	-
Business-type activities								
Solid waste	796,717	799,199	-	-	-	2,482	2,482	-
Total business-type activities	796,717	799,199	-	-	-	2,482	2,482	-
Total primary government	\$ 10,176,006	\$ 1,328,936	\$ 132,381	\$ 4,303,393	(4,413,778)	2,482	(4,411,296)	-
Component unit								
Valley Historic Preservation Commission	\$ 1,000	\$ -	\$ 14,000	\$ -				13,000
General revenues and other items								
Taxes:								
Sales					8,952,226	-	8,952,226	-
Other					687,709	-	687,709	-
License and Permits					1,876,920	-	1,876,920	-
Investment earnings					55,715	1,238	56,953	-
Gain on disposal of capital assets					34,542	-	34,542	-
Total general revenues and other items					11,607,112	1,238	11,608,350	-
Change in net position					7,193,334	3,720	7,197,054	13,000
Net position - beginning of year					25,027,609	122,417	25,150,026	62,159
Net position - end of year					\$ 32,220,943	\$ 126,137	\$ 32,347,080	\$ 75,159

See notes to financial statements.

CITY OF VALLEY
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Community Development Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,747,491	\$ 52,510	\$ 11,306,470	\$ 1,244,641	\$ 18,351,112
Taxes receivable, net	754,291	-	-	25,536	779,827
Other receivables	24,175	135,800	-	8,870	168,845
Prepaid expenses	128,155	-	-	4,246	132,401
Total assets	<u>\$ 6,654,112</u>	<u>\$ 188,310</u>	<u>\$ 11,306,470</u>	<u>\$ 1,283,293</u>	<u>\$ 19,432,185</u>
Liabilities					
Accounts payable	\$ 309,863	\$ 147,914	\$ 270,474	\$ 17,503	\$ 745,754
Accrued payroll and benefits	58,213	-	-	1,415	59,628
Due to (from) other funds	212,253	10,877	(176,105)	(59,442)	(12,417)
Due to other governments	-	639	-	-	639
Total liabilities	<u>580,329</u>	<u>159,430</u>	<u>94,369</u>	<u>(40,524)</u>	<u>793,604</u>
Fund balance					
Nonspendable					
Other receivables	24,175	-	-	-	24,175
Prepaid expenses	128,155	-	-	-	128,155
Restricted for					
Special revenue	-	-	-	481,553	481,553
Capital projects	-	135,800	11,212,101	-	11,347,901
Assigned for					
Capital projects	-	-	-	842,264	842,264
Unassigned	5,921,453	(106,920)	-	-	5,814,533
Total fund balance	<u>6,073,783</u>	<u>28,880</u>	<u>11,212,101</u>	<u>1,323,817</u>	<u>18,638,581</u>
Total liabilities and fund balance	<u>\$ 6,654,112</u>	<u>\$ 188,310</u>	<u>\$ 11,306,470</u>	<u>\$ 1,283,293</u>	<u>\$ 19,432,185</u>

See notes to financial statements.

CITY OF VALLEY
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 September 30, 2021

Total fund balances - governmental funds \$ 18,638,581

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	57,845,853	
Less accumulated depreciation	<u>(16,176,578)</u>	41,669,275

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.	(37,290)
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Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Warrants payable	(28,628,412)	
Deferred outflow of resources for deferred charges	1,137,158	
Deferred outflows of resources for pensions	705,277	
Deferred inflows related to pensions	(162,440)	
Compensated absences	(75,072)	
Net pension liability	<u>(1,026,134)</u>	<u>(28,049,623)</u>

Total net position - governmental activities \$ 32,220,943

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2021

	General Fund	Community Development Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Sales and miscellaneous	\$ 8,783,393	\$ -	\$ -	\$ 168,833	\$ 8,952,226
Other	687,709	-	-	-	687,709
Licenses and permits	1,876,920	-	-	-	1,876,920
Intergovernmental	457,465	2,661,592	1,085,412	151,401	4,355,870
Charges for services	442,263	-	-	-	442,263
Fines and forfeitures	46,055	-	-	-	46,055
Contributions	48,886	-	-	31,018	79,904
Interest	19,772	339	30,876	4,728	55,715
Other	21,400	-	-	13,667	35,067
Total revenue	<u>12,383,863</u>	<u>2,661,931</u>	<u>1,116,288</u>	<u>369,647</u>	<u>16,531,729</u>
Expenditures					
General government	1,687,585	-	5,000	-	1,692,585
Public safety	2,280,158	-	-	-	2,280,158
Public works	1,242,862	-	170	24,339	1,267,371
Health and sanitation	41,750	-	-	-	41,750
Culture and recreation	1,271,610	-	-	-	1,271,610
Welfare	18,937	-	-	180,809	199,746
Urban rehabilitation	72,598	-	-	-	72,598
Capital outlay	1,452,484	2,622,740	1,960,610	174,904	6,210,738
Debt service					
Principal retirement	1,467,662	-	-	-	1,467,662
Interest and fees	710,954	-	-	-	710,954
Issuance of debt costs	32,500	-	-	-	32,500
Total expenditures	<u>10,279,100</u>	<u>2,622,740</u>	<u>1,965,780</u>	<u>380,052</u>	<u>15,247,672</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>\$ 2,104,763</u>	<u>\$ 39,191</u>	<u>\$ (849,492)</u>	<u>\$ (10,405)</u>	<u>\$ 1,284,057</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2021
(Continued)

	General Fund	Community Development Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)					
Proceeds from sale of capital assets	\$ 91,377	\$ -	\$ -	\$ -	\$ 91,377
Proceeds from the sale of municipal property	6,352	-	-	-	6,352
Issuance of warrants	5,000,000	-	-	-	5,000,000
Transfers (out) in	(6,292,885)	-	6,129,900	162,985	-
Total other financing sources (uses)	<u>(1,195,156)</u>	<u>-</u>	<u>6,129,900</u>	<u>162,985</u>	<u>5,097,729</u>
Net change in fund balance	909,607	39,191	5,280,408	152,580	6,381,786
Fund balance - beginning of year	<u>5,164,176</u>	<u>(10,311)</u>	<u>5,931,693</u>	<u>1,171,237</u>	<u>12,256,795</u>
Fund balance - end of year	<u>\$ 6,073,783</u>	<u>\$ 28,880</u>	<u>\$ 11,212,101</u>	<u>\$ 1,323,817</u>	<u>\$ 18,638,581</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, 2021

Net changes in fund balances - governmental funds \$ 6,381,786

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	6,210,738	
Less depreciation expense	(1,479,688)	4,731,050

The proceeds from the sale of capital assets (\$91,377) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$56,835) 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 (\$34,542). (56,835)

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	1,467,662	
Deferred refunding costs	(99,651)	
Issuance of warrants	(5,000,000)	(3,631,989)

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 increase in accrued compensated absences	9,721	
Net increase in pension expense	(235,914)	
Decrease in accrued interest	(4,485)	(230,678)

Change in net position - governmental activities \$ 7,193,334

See notes to financial statements.

CITY OF VALLEY
Statement of Net Position
Proprietary Fund
September 30, 2021

	<u>Solid Waste Collection</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 231,107
Other receivable	1,725
Prepaid expenses	1,196
Total current assets	<u>234,028</u>
 Total assets	 <u>234,028</u>
Deferred outflows of resources	
Deferred outflows related to pensions	14,992
Total deferred outflows of resources	<u>14,992</u>
 Total assets and deferred outflows of resources	 <u>\$ 249,020</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 74,406
Accrued payroll and benefits	1,312
Due to other funds	12,417
Compensated absences	2,421
Total current liabilities	<u>90,556</u>
 Noncurrent liabilities	
Net pension liability	22,813
Total noncurrent liabilities	<u>22,813</u>
 Total liabilities	 <u>113,369</u>
Deferred inflows of resources	
Deferred inflows related to pensions	1,781
Unearned revenue	7,733
Total deferred inflows of resources	<u>9,514</u>
Net position	
Unrestricted	126,137
Total net position	<u>126,137</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 249,020</u>

See notes to financial statements.

CITY OF VALLEY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year ended September 30, 2021

	Solid Waste Collection
Operating revenues	
Charges for services	\$ 799,199
Total operating revenues	799,199
Operating expenses	
Salaries	81,131
Employee benefits	30,849
Payroll taxes	5,568
Contract services - garbage pickup	650,504
Utilities and telephone	1,144
Supplies	14,568
Maintenance and repairs	3,736
Insurance	979
Other	8,238
Total operating expenses	796,717
Operating income	2,482
Non-operating revenues	
Interest income	1,238
Total non-operating revenues	1,238
Change in net position	3,720
Net position, beginning of year	122,417
Net position, end of year	\$ 126,137

See notes to financial statements.

CITY OF VALLEY
Statement of Cash Flows
Proprietary Fund
Year ended September 30, 2021

	Solid Waste Collection
Cash flows from operating activities	
Cash received from customers	\$ 803,715
Cash paid to suppliers for goods and services	(114,625)
Cash paid to employees	(696,720)
Cash from unearned revenue	7,733
Net cash provided by operating activities	103
Cash flows from noncapital financing activities	
Due to City of Valley	(46,194)
Net cash used in noncapital financing activities	(46,194)
Cash flows from investing activities	
Interest on cash and investments	1,238
Net cash provided by investing activities	1,238
Net decrease in cash and cash equivalents	(44,853)
Cash and cash equivalents at beginning of year	275,960
Cash and cash equivalents at end of year	\$ 231,107
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 2,482
Adjustment to reconcile operating income to net cash provided by operating activities:	
Bad debt expense	(4,516)
Increase (decrease) in:	
Accounts receivable	4,516
Prepaid expenses	274
Deferred outflows of resources for pensions	(2,993)
(Increase) decrease in:	
Accounts payable	(13,035)
Accrued payroll and benefits	(2,812)
Compensated absences	(64)
Net pension liability	9,887
Deferred inflows	(1,369)
Unearned revenue	7,733
Net cash provided by operating activities	\$ 103

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021

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 28, 2022, 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 did not receive any appropriations from the City for the year ended, September 30, 2021.

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 \$42,000 to the Board during the current year.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(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, 2021.

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, 2021
(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 funds:

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(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.

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.

Capital Project Fund - This fund is used to account for the City's improvements and construction of large City projects, including roads, road extensions and improvements to the surrounding area.

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.

The City reports the following major proprietary fund:

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, 2021
(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.

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.

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.

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.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows of Resources

The City's statement of net position reports 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.

Deferred Inflows of Resources

The City's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to future periods and so will not be recognized as an inflow of resources until that time. Deferred inflows of resources reported in the financial statements represent the net difference between projected and actual earnings on Plan investments and changes in actuarial assumptions.

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.

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

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pensions - Continued

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, 2020 and, therefore, this actuarial information is reported in the 2021 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.

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.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

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 - RECEIVABLES AND PAYABLES

Receivables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type Activities	Total
Taxes			
Sales	\$ 754,291	\$ -	\$ 754,291
Intergovernmental	161,336	-	161,336
Customers	-	2,630	2,630
Other	33,045	1,725	34,770
Gross receivables	948,672	4,355	953,027
Less: allowance for uncollectible accounts	-	(2,630)	(2,630)
Net receivables	<u>\$ 948,672</u>	<u>\$ 1,725</u>	<u>\$ 950,397</u>

Payables consisted of the following at September 30, 2021:

	Governmental Activities	Business-type Activities	Total
Trade	\$ 745,754	\$ 74,406	\$ 820,160
Net payables	<u>\$ 745,754</u>	<u>\$ 74,406</u>	<u>\$ 820,160</u>

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables consisted of the following at September 30, 2021:

General Fund		
Balance due from Major Governmental Funds	\$	10,877
Balance due to Major Governmental Funds		(176,105)
Balance due from Nonmajor Governmental Funds		35,558
Balance due to Nonmajor Governmental Funds		(95,000)
Balance due from Solid Waste		12,417
		(212,253)
Major Governmental Funds		
Balance due from General Fund		176,105
Balance due to General Fund		(10,877)
		165,228
Nonmajor Governmental Funds		
Balance due from General Fund		95,000
Balance due to General Fund		(35,558)
		59,442
Solid Waste		
Balance due to General Fund		(12,417)
	<u>\$</u>	<u>-</u>

Transfers between funds consisted of the following during the year ended September 30, 2021:

		Transfers In (Out)				Net Transfers Out (In)
	General	Capital Project	Non-Major Funds			Out (In)
Transfers Out (In)						
General Fund	\$ -	\$ 6,129,900	\$ 162,985	\$		6,292,885
Capital Project	(6,129,900)	-	-			(6,129,900)
Non-Major Funds	(162,985)	-	-			(162,985)
Net Transfers In (Out)	<u>\$ (6,292,885)</u>	<u>\$ 6,129,900</u>	<u>\$ 162,985</u>	<u>\$</u>		<u>-</u>

The City typically uses transfers from the General Fund to fund capital projects.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2021:

	Governmental Activities				September 30, 2021
	October 1, 2020	Additions	Disposals	Transfers (Out)/In	
Depreciable assets					
Buildings and improvements	\$ 18,321,284	\$ 94,780	\$ -	\$ -	\$ 18,416,064
Equipment	4,287,589	660,199	145,669	10,146	4,812,265
Infrastructure	14,759,128	32,275	-	3,562,946	18,354,349
	<u>37,368,001</u>	<u>787,254</u>	<u>145,669</u>	<u>3,573,092</u>	<u>41,582,678</u>
Less accumulated depreciation					
Buildings and improvements	8,122,006	542,255	-	-	8,664,261
Equipment	3,011,250	446,121	145,245	-	3,312,126
Infrastructure	3,708,879	491,312	-	-	4,200,191
Assets held for sale	81,855	-	81,855	-	-
	<u>14,923,990</u>	<u>1,479,688</u>	<u>227,100</u>	<u>-</u>	<u>16,176,578</u>
	<u>22,444,011</u>	<u>(692,434)</u>	<u>(81,431)</u>	<u>3,573,092</u>	<u>25,406,100</u>
Non-depreciable assets					
Land and improvements	9,242,101	261,704	41,960	694,136	10,155,981
Construction in progress	5,212,642	5,161,780	-	(4,267,228)	6,107,194
Assets held for sale	96,306	-	96,306	-	-
	<u>14,551,049</u>	<u>5,423,484</u>	<u>138,266</u>	<u>(3,573,092)</u>	<u>16,263,175</u>
	<u>\$ 36,995,060</u>	<u>\$ 4,731,050</u>	<u>\$ 56,835</u>	<u>\$ -</u>	<u>\$ 41,669,275</u>

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2021:

	Business-type Activities				September 30, 2021
	October 1, 2020	Additions	Disposals	Transfers (Out)/In	
Depreciable assets					
Solid Waste - Equipment	\$ 30,486	\$ -	\$ -	\$ -	\$ 30,486
	30,486	-	-	-	30,486
Less accumulated depreciation					
Solid Waste - Equipment	30,486	-	-	-	30,486
	30,486	-	-	-	30,486
	\$ -	\$ -	\$ -	\$ -	\$ -

Capital asset activity for component unit activities consisted of the following for the year ended September 30, 2021:

	Component Unit Activities				September 30, 2021
	October 1, 2020	Additions	Disposals	Transfers (Out)/In	
Depreciable assets					
Component Unit - Improvements	-	6,381	-	-	6,381
	-	6,381	-	-	6,381
Less accumulated depreciation					
Component Unit - Improvements	-	160	-	-	160
	-	160	-	-	160
	\$ -	\$ 6,221	\$ -	\$ -	\$ 6,221

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 4 - CAPITAL ASSETS - Continued

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

Governmental activities

General government	\$ 328,980
Public safety	125,588
Public works	509,531
Culture and recreation	510,399
Welfare	5,190
	\$ 1,479,688

Component Unit

Valley Historic Preservation Commission	\$ 160
	\$ 160

NOTE 5 - 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. Effective October 1, 2021, Act 390 of the Legislature of 2021 will create two additional representatives and change the composition of representatives within the ERS Board of Control. 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:

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Plan Description - Continued

- 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*.

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.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Benefits Provided - Continued

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP participants who are still in active service	97
	101,245

The City's membership as of the measurement date of September 30, 2020 consisted of:

Retired members or their beneficiaries currently receiving benefits	32
Vested inactive members	2
Non-vested inactive members	10
Active members	72
	116

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.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

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.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Contributions - Continued

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, 2020, the City's active employee contribution rate was 5.813% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 2.448% of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2020, was 5.64% of pensionable pay for Tier 1 employees, and 2.67% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, 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 \$112,206 for the year ended September 30, 2021.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 rolled forward to September 30, 2020 using standard roll-forward techniques as shown in the following table:

		TPL Roll-Forward	
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2019	\$ 10,413,890	\$ 10,479,322	\$ 10,594,203
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	265,530	265,530	292,345
(d) Transfers Among Employers:	-	(13,080)	(13,080)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	<u>(640,564)</u>	<u>(640,564)</u>	<u>(640,564)</u>
(f) Total Pension Liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 10,816,064</u>	<u>\$ 10,873,454</u>	<u>\$ 11,023,996</u>
(g) Difference between Expected and Actual:		\$ 57,390	
(h) Less Liability Transferred for Immediate Recognition:		<u>(13,080)</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 70,470	
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss =			\$ 150,542

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Actuarial Assumptions

The total pension liability as of September 30, 2020 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected Salary Increases	3.25% - 5.00%
Investment Rate of Return*	7.70%

*Net of pension plan investment expense.

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, 2018, 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%
	<u>100%</u>	

*Includes assumed rate of inflation of 2.50%.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the 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, 2019	\$ 10,413,890	\$ 9,756,902	\$ 656,988
Changes for the year:			
Service cost	265,530	-	265,530
Interest	777,208	-	777,208
Changes of benefit terms	150,542	-	150,542
Changes of assumptions	-	-	-
Difference between expected and actual experience	70,470	-	70,470
Contributions - employer	-	135,929	(135,929)
Contributions - employee	-	187,754	(187,754)
Net investment income	-	548,108	(548,108)
Benefits of payments, including refunds of employee contributions	(640,564)	(640,564)	-
Transfers among employers	(13,080)	(13,080)	-
Net changes:	610,106	218,147	391,959
Balances at September 30, 2020	\$ 11,023,996	\$ 9,975,049	\$ 1,048,947

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:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability (Asset)	\$ 2,335,144	\$ 1,048,947	\$ (31,498)

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 5 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditors’ report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. 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, 2021, the City recognized pension expense of \$353,645. At September 30, 2021, 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	\$ 159,121	\$ 164,221
Changes of assumptions	134,693	-
Net difference between projected and actual earnings on pension plan investments	314,249	-
Employer contributions subsequent to the measurement date	112,206	-
	\$ 720,269	\$ 164,221

\$112,206 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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
2022	\$ 100,591
2023	156,808
2024	123,561
2025	58,344
2026	4,537
Thereafter	-

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 6 - 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, 2021 totaled \$8,475. At September 30, 2021, future minimum lease payments due under operating lease agreements for the next three years are as follows:

2022		\$ 4,672
2023		2,209
2024		-
		\$ 6,881

NOTE 7 - LONG-TERM DEBT

The general obligation warrant issues consisted of the following at September 30, 2021:

	Governmental Activities
Series 2017 General Obligation Warrants, dated August 30, 2017, due in monthly payments through September 1, 2032, bearing an interest rate of 2.69%	\$ 4,721,131
Series 2018 General Obligation Warrants, dated October 9, 2018, due in monthly payments through October 10, 2023, bearing an interest rate of 2.47%	6,254,148
Series 2019 General Obligation Warrants, dated October 30, 2019, due in monthly payments through October 30, 2034, bearing an interest rate of 2.78%	4,472,844
Series 2021 General Obligation Warrants (Tax-Exempt), dated January 15, 2021, due in monthly payments through September 15, 2035, bearing an interest rate of 3.31%	8,243,001
Series 2021 General Obligation Warrants (Taxable), dated June 10, 2021, due in monthly payments through June 10, 2036, bearing an interest rate of 3.57%	4,937,288
Total warrants payable, net	\$ 28,628,412

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

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

	Principal	Interest
2022	\$ 1,864,682	\$ 773,914
2023	1,916,706	721,889
2024	1,968,344	670,252
2025	2,025,184	613,414
2026	2,081,770	556,826
2027 - 2031	11,314,372	1,878,604
2032 - 2036	7,457,354	403,647
	\$ 28,628,412	\$ 5,618,546

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2021:

Governmental Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Warrants payable:					
General obligation warrants	\$ 25,096,074	\$ 13,568,070	\$ 10,035,732	\$ 28,628,412	\$ 1,864,682
Total warrants payable	25,096,074	13,568,070	10,035,732	28,628,412	1,864,682
Other liabilities:					
Net pension liability	644,063	382,071	-	1,026,134	-
Compensated absences	84,793	(9,721)	-	75,072	75,072
	\$ 25,824,930	\$ 13,940,420	\$ 10,035,732	\$ 29,729,618	\$ 1,939,754

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2021:

Business-type Activities	October 1, 2020	Additions	Retirements	September 30, 2021	Due within one year
Other liabilities:					
Net pension liability	\$ 12,926	\$ 9,887	\$ -	\$ 22,813	\$ -
Compensated absences	2,485	(64)	-	2,421	2,421
	\$ 15,411	\$ 9,823	\$ -	\$ 25,234	\$ 2,421

Payments on the governmental activities' debt are made by the General Fund. The compensated absences liability for the governmental activities will be liquidated by the General Fund.

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Warrants

The City issues general obligation warrants to provide funds for the acquisition of equipment and construction of major capital facilities for the municipality. General obligation warrants are also issued to refund general obligation warrants.

The City issued \$6,115,000 of General Obligation Warrants Series 2017 dated August 30, 2017. The bonds were issued for the following purposes: (1) \$1,481,551 of its proceeds were used to defease the remaining outstanding balance of the Series 2013 bonds, (2) financing the costs of the Capital Improvements and the Economic Development Project, and (3) paying the costs of issuance of the Warrant in the amount of \$22,500. The Series 2017 bonds mature monthly on the 1st day of each month beginning on October 1, 2017, through September 1, 2032. Interest is payable with each payment at a rate of 2.69% per annum, subject to an adjustment set forth in the Warrant agreement. At September 30, 2021, the outstanding balance of the Series 2017 bonds totaled \$4,721,131.

The City issued \$7,500,000 of General Obligation Warrants Series 2018 dated October 9, 2018. The bonds were issued for the following purposes: (1) \$1,978,822 of its proceeds were used to defease the remaining outstanding balance on the Series 2015 bonds, (2) financing the costs of acquiring and constructing Series 2018 Capital Improvements for \$5,501,178, and (3) legal, accounting, and miscellaneous issuance expenses in the amount of \$20,000. The Series 2018 bonds mature monthly on the 10th day of each month beginning on November 10, 2018, through September 10, 2033. Interest is payable with each payment at a rate of 2.47% per annum, subject to an adjustment set forth in the Warrant agreement. At September 30, 2021, the outstanding balance of the Series 2018 bonds totaled \$6,254,148.

The City issued \$5,000,000 of General Obligation Warrants Series 2019 dated October 30, 2019. The bonds were issued for the following purposes: (1) financing certain capital improvements in the City and (2) the costs of issuing the Warrant in the amount of \$30,000. The Series 2019 bonds mature monthly on the 30th day of each month beginning on November 30, 2019, through September 30, 2034. Interest is payable with each payment at a rate of 2.78% per annum, subject to an adjustment set forth in the Warrant agreement. At September 30, 2021, the outstanding balance of the Series 2019 bonds totaled \$4,472,844.

The City issued \$8,568,070 of General Obligation Warrants Series 2020 dated September 15, 2020. The bonds were issued for the following purposes: (1) \$8,534,655 of its proceeds were used to defease the remaining outstanding balance on the Series 2014 bonds, and (2) the costs of issuing the Warrant in the amount of \$33,415. The Series 2020 bonds have an interest only period of four months beginning on October 15, 2020, through January 15, 2021. After the interest period, the bonds mature monthly on the 15th of each month beginning on February 15, 2021, through September 15, 2035. Interest is payable with each payment at a rate of 3.31% per annum, subject to an adjustment set forth in the Warrant agreement. This bond was refinanced by the General Obligation Warrants Series 2021 (Tax-Exempt) on January 15, 2021. At September 30, 2021, there was no balance due on these bonds as they had been refinanced.

The City issued \$8,568,070 of General Obligation Warrants Series 2021 (Tax-Exempt) dated January 15, 2021. The bonds were issued for the purpose of refinancing the General Obligation Warrants, Series 2020 dated September 15, 2020. The refinancing of the Series 2020 bonds was a non-cash transaction in which the exact amount of principal was refinanced and there were no closing costs. The Series 2021 (Tax-Exempt) bonds mature monthly on the 15th day of each month beginning on February 15, 2021, through

CITY OF VALLEY
Notes to Financial Statements
September 30, 2021
(Continued)

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Warrants - Continued

September 15, 2035. Interest is payable with each payment at a rate of 2.480% per annum. The Series 2020 bond, refinanced by the Series 2021 (Tax-Exempt) bonds, carried a deferred amount of refunding costs that were associated with the deferred refunding of the Series 2007 and 2014 bonds. The amount carried forward to the Series 2021 (Tax-Exempt) bond for deferred refunding from the Series 2020, 2014 and 2007 bonds totals \$1,137,158 at September 30, 2021. This amount has been recorded in the Statement of Net Position as Deferred Outflows of Resources and will be amortized over the life of the Series 2021 (Tax-Exempt) bonds using the straight-line method. At September 30, 2021, the outstanding balance of the Series 2021 (Tax-Exempt) bonds totaled \$8,243,001.

The City also issued \$5,000,000 of General Obligation Warrants Series 2021 (Taxable) dated June 10, 2021. The bonds were issued for the following purposes: (1) \$4,967,500 of its proceeds are to be used for Series 2021 Capital Improvements, and (2) the costs of issuing the warrant \$32,500. The Series 2021 (Taxable) bonds mature monthly on the 10th day of each month beginning on July 10th, 2021, through June 10, 2036. Interest is payable with each payment at a rate of 3.57% per annum, with a fixed rate of interest. At September 30, 2021, the outstanding balance of the Series 2021 (Tax-Exempt) bonds totaled \$4,937,288.

NOTE 8 - 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 9 - SUBSEQUENT EVENT

The City has evaluated events subsequent to the date of the Statement of Net Position through March 28, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position through March 28, 2022, that would require adjustment or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VALLEY
 Budgetary Comparison Schedule - General Fund
 Year ended September 30, 2021
 (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	\$ 7,300,000	\$ 7,300,000	\$ 8,783,393	\$ 1,483,393
Other	512,300	512,300	687,709	175,409
Licenses and permits	1,745,000	1,745,000	1,876,920	131,920
Intergovernmental	1,329,700	1,329,700	457,465	(872,235)
Charges for services	309,850	310,900	442,263	131,363
Fines and forfeitures	44,000	44,000	46,055	2,055
Contributions	40,000	40,000	48,886	8,886
Interest	16,000	16,000	19,772	3,772
Other	150	150	21,400	21,250
Total revenue	<u>11,297,000</u>	<u>11,298,050</u>	<u>12,383,863</u>	<u>1,085,813</u>
Expenditures, current				
General government	2,206,565	2,206,565	1,687,585	(518,980)
Public safety	2,335,400	2,335,400	2,280,158	(55,242)
Public works	1,270,500	1,270,500	1,242,862	(27,638)
Health and sanitation	42,000	42,000	41,750	(250)
Culture and recreation	1,373,950	1,373,950	1,271,610	(102,340)
Welfare	21,400	21,400	18,937	(2,463)
Urban rehabilitation	85,000	85,000	72,598	(12,402)
Capital outlay	245,000	546,793	1,452,484	905,691
Debt service				
Principal retirement	1,400,000	1,400,000	1,467,662	67,662
Interest and fees	713,200	713,200	710,954	(2,246)
Issuance of debt costs	-	-	32,500	32,500
Total expenditures	<u>9,693,015</u>	<u>9,994,808</u>	<u>10,279,100</u>	<u>284,292</u>
Excess of revenues over expenditures	<u>1,603,985</u>	<u>1,303,242</u>	<u>2,104,763</u>	<u>801,521</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	91,377	91,377
Proceeds from sale of municipal property	-	-	6,352	6,352
Issuance of warrants	-	-	5,000,000	5,000,000
Transfers (out) in	(1,040,934)	(1,018,879)	(6,292,885)	(5,274,006)
Total other financing sources (uses)	<u>(1,040,934)</u>	<u>(1,018,879)</u>	<u>(1,195,156)</u>	<u>(176,277)</u>
Net change in fund balance	<u>\$ 563,051</u>	<u>\$ 284,363</u>	<u>\$ 909,607</u>	<u>\$ 625,244</u>

See note to required supplementary information.

CITY OF VALLEY
 Budgetary Comparison Schedule - Community Development Fund
 Year ended September 30, 2021
 (UNAUDITED)

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
CDBG Funds ADECA	\$ 634,200	\$ 1,350,000	\$ 1,004,304	\$ (345,696)
Grant Funds-ARC	250,000	450,000	363,191	(86,809)
Local Match EAW	1,440,000	1,440,000	1,294,097	(145,903)
Interest	-	-	339	339
Total revenue	<u>2,324,200</u>	<u>3,240,000</u>	<u>2,661,931</u>	<u>(578,069)</u>
Expenditures, current				
Sewer Improvements	<u>3,590,000</u>	<u>3,590,000</u>	<u>2,622,740</u>	<u>(967,260)</u>
Total expenditures	<u>3,590,000</u>	<u>3,590,000</u>	<u>2,622,740</u>	<u>(967,260)</u>
Deficiency of revenues under expenditures	<u>(1,265,800)</u>	<u>(350,000)</u>	<u>39,191</u>	<u>389,191</u>
Net change in fund balance	<u>\$ (1,265,800)</u>	<u>\$ (350,000)</u>	<u>\$ 39,191</u>	<u>\$ 389,191</u>

See note to required supplementary information.

CITY OF VALLEY
Note to Required Supplementary Information
Budgetary Practices
September 30, 2021
(UNAUDITED)

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 and on the Budgetary Comparison Schedule - Community Development 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, 2011 through 2020
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability										
Service cost	\$ 265,530	\$ 299,014	\$ 291,268	\$ 291,928	\$ 270,926	\$ 250,225	\$ 258,426			
Interest	777,208	754,308	712,689	694,594	635,629	587,268	555,700			
Differences between expected and actual experience	150,542									
Changes of assumptions	70,470	(45,296)	70,680	(322,155)	158,494	171,082	-			
Benefit payments, including refunds of employee contributions	-	-	54,711	-	378,109	-	-			
Transfers among employees	(640,564)	(573,787)	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)			
	(13,080)	(103,448)	(23,486)	30,339	6,088	-	-			
Net change in total pension liability	610,106	330,791	668,370	209,746	1,069,996	579,687	403,972			
Total pension liability - beginning	10,413,890	10,083,099	9,414,729	9,204,983	8,134,987	7,555,300	7,151,328			
Total pension liability - ending (a)	\$ 11,023,996	\$ 10,413,890	\$10,083,099	\$ 9,414,729	\$ 9,204,983	\$ 8,134,987	\$ 7,555,300			
Plan fiduciary net position										
Contributions - employer	\$ 135,929	\$ 142,663	\$ 169,507	\$ 160,560	\$ 164,716	\$ 146,549	\$ 143,323			
Contributions - member	187,754	178,057	220,070	218,188	177,318	163,504	151,007			
Net investment income	548,109	248,729	838,640	1,036,931	753,471	86,959	788,943			
Benefit payments, including refunds of employee contributions	(640,564)	(573,787)	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)			
Transfers among employers	(13,080)	(103,448)	(23,486)	30,339	6,088	113,442	52,310			
Net change in plan fiduciary net position	218,148	(107,786)	767,239	961,058	722,343	81,566	725,429			
Plan net position - beginning	9,756,902	9,864,688	9,097,449	8,136,390	7,414,047	7,332,481	6,607,052			
Plan net position - ending (b)	\$ 9,975,050	\$ 9,756,902	\$ 9,864,688	\$ 9,097,448	\$ 8,136,390	\$ 7,414,047	\$ 7,332,481			
Net pension liability (a) - (b)	\$ 1,048,946	\$ 656,988	\$ 218,411	\$ 317,281	\$ 1,068,593	\$ 720,940	\$ 222,819			
Plan fiduciary net position as a percentage of the total pension liability	90.48%	93.69%	97.83%	96.63%	88.39%	91.14%	97.05%			
Covered payroll	\$ 2,908,854	\$ 2,958,624	\$ 3,312,210	\$ 3,144,900	\$ 3,140,417	\$ 2,915,994	\$ 2,648,355			
Net pension liability as a percentage of covered payroll	36.06%	22.21%	6.59%	10.09%	34.03%	24.72%	8.41%			

NO INFORMATION AVAILABLE FOR THIS TIME PERIOD

See note to required supplementary information.

This schedule is required to present 10 years of information. However, until a 10-year trend is compiled we are presenting the information for those years for which information is available to us.

CITY OF VALLEY
Schedule of Employer Contributions
Years ended September 30, 2012 through 2021
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 101,029	\$ 135,929	\$ 137,228	\$ 157,625	\$ 160,560	\$ 164,716	\$ 146,549			
Contributions in relation to the actuarially determined contributions	112,206	168,085	148,174	157,625	160,560	164,716	146,549			
Contributions deficiency (excess)	\$ (11,177)	\$ (32,156)	\$ (10,946)	\$ -	\$ -	\$ -	\$ -			
Covered payroll	\$ 4,126,421	\$ 2,908,854	\$ 2,958,624	\$ 3,312,210	\$ 3,144,900	\$ 3,140,417	\$ 2,915,994			
Contributions as a percentage of covered payroll	2.45%	4.67%	4.64%	4.76%	5.11%	5.25%	5.03%			

NO INFORMATION
AVAILABLE
FOR THIS TIME PERIOD

See note to required supplementary information.

This schedule is required to present 10 years of information. However, until a 10-year trend is compiled we are presenting the information for those years for which information is available to us.

CITY OF VALLEY
Note to Required Supplementary Information
Pension Plan Practices
September 30, 2021
(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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 01, 2020 to September 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	12.4 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

CITY OF VALLEY
Nonmajor Special Revenue Funds
September 30, 2021

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.

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, 2021

	\$.07 State Gas Tax	\$.04 State Gas Tax	\$.10 State Gas Tax	Senior Center	Cemetery	Total Nonmajor Special Revenue Funds
Assets						
Cash and cash equivalents	\$ 160,199	\$ 128,667	\$ 103,774	\$ 73,237	\$ 10,301	\$ 476,178
Taxes receivable, net	9,827	7,742	7,967	-	-	25,536
Other receivables	-	-	-	8,870	-	8,870
Prepaid expense	-	-	-	4,246	-	4,246
Due from other funds	5,000	-	-	-	-	5,000
	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total assets	<u>\$ 175,026</u>	<u>\$ 136,409</u>	<u>\$ 111,741</u>	<u>\$ 86,353</u>	<u>\$ 10,301</u>	<u>\$ 519,830</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,104	\$ 200	\$ 1,304
Accrued payroll and benefits	-	-	-	1,415	-	1,415
Due to other funds	5,073	-	-	30,083	402	35,558
Total liabilities	<u>5,073</u>	<u>-</u>	<u>-</u>	<u>32,602</u>	<u>602</u>	<u>38,277</u>
Fund balance						
Restricted	<u>169,953</u>	<u>136,409</u>	<u>111,741</u>	<u>53,751</u>	<u>9,699</u>	<u>481,553</u>
Total fund balance	<u>169,953</u>	<u>136,409</u>	<u>111,741</u>	<u>53,751</u>	<u>9,699</u>	<u>481,553</u>
Total liabilities and fund balance	<u>\$ 175,026</u>	<u>\$ 136,409</u>	<u>\$ 111,741</u>	<u>\$ 86,353</u>	<u>\$ 10,301</u>	<u>\$ 519,830</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, 2021

	\$.07 State Gas Tax	\$.04 State Gas Tax	\$.10 State Gas Tax	Senior Center	Cemetery	Total Nonmajor Special Revenue Funds
Revenues						
Taxes - intergovernmental	\$ 59,902	\$ 47,289	\$ 61,642	\$ -	\$ -	\$ 168,833
Other - intergovernmental	-	-	-	52,477	-	52,477
Contributions	-	-	-	23,215	7,803	31,018
Interest	547	421	290	170	176	1,604
Other	-	-	-	-	11,000	11,000
Total revenues	<u>60,449</u>	<u>47,710</u>	<u>61,932</u>	<u>75,862</u>	<u>18,979</u>	<u>264,932</u>
Expenditures						
Public works	11,690	-	-	-	-	11,690
Welfare	-	-	-	178,085	2,724	180,809
Capital Outlay	-	-	-	-	88,356	88,356
Total expenditures	<u>11,690</u>	<u>-</u>	<u>-</u>	<u>178,085</u>	<u>91,080</u>	<u>280,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,759</u>	<u>47,710</u>	<u>61,932</u>	<u>(102,223)</u>	<u>(72,101)</u>	<u>(15,923)</u>
Other financing sources						
Transfers in	19	-	-	161,059	26,807	187,885
Total other financing sources	<u>19</u>	<u>-</u>	<u>-</u>	<u>161,059</u>	<u>26,807</u>	<u>187,885</u>
Net change in fund balance (deficit)	48,778	47,710	61,932	58,836	(45,294)	171,962
Fund balance (deficit) - beginning of year	<u>121,175</u>	<u>88,699</u>	<u>49,809</u>	<u>(5,085)</u>	<u>54,993</u>	<u>309,591</u>
Fund balance - end of year	<u>\$ 169,953</u>	<u>\$ 136,409</u>	<u>\$ 111,741</u>	<u>\$ 53,751</u>	<u>\$ 9,699</u>	<u>\$ 481,553</u>

See notes to financial statements.

CITY OF VALLEY
Nonmajor Capital Project Funds
September 30, 2021

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.

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, 2021

	Municipal Government Capital Improvement	Industrial Park	Total Nonmajor Capital Project Funds
Assets			
Cash and cash equivalents	\$ 254,986	\$ 513,477	\$ 768,463
Due from other funds	90,000	-	90,000
	<u>344,986</u>	<u>513,477</u>	<u>858,463</u>
Total assets	<u>\$ 344,986</u>	<u>\$ 513,477</u>	<u>\$ 858,463</u>
Liabilities			
Accounts payable	\$ -	\$ 16,199	\$ 16,199
Total liabilities	<u>-</u>	<u>16,199</u>	<u>16,199</u>
Fund balance			
Assigned for capital projects	344,986	497,278	842,264
Total fund balance	<u>344,986</u>	<u>497,278</u>	<u>842,264</u>
Total liabilities and fund balance	<u>\$ 344,986</u>	<u>\$ 513,477</u>	<u>\$ 858,463</u>

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, 2021

	Municipal Government Capital Improvement	Industrial Park	Total Nonmajor Capital Project Funds
Revenues			
Other - intergovernmental	\$ 98,924	\$ -	\$ 98,924
Interest	841	2,283	3,124
Other	-	2,667	2,667
Total revenues	<u>99,765</u>	<u>4,950</u>	<u>104,715</u>
Expenditures			
Public works	-	12,649	12,649
Capital outlay	-	86,548	86,548
Total expenditures	<u>-</u>	<u>99,197</u>	<u>99,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,765</u>	<u>(94,247)</u>	<u>5,518</u>
Other financing uses			
Transfers in	-	4,155	4,155
Transfers out	(29,055)	-	(29,055)
Total other financing uses	<u>(29,055)</u>	<u>4,155</u>	<u>(24,900)</u>
Net change in fund balance	70,710	(90,092)	(19,382)
Fund balance - beginning of year	<u>274,276</u>	<u>587,370</u>	<u>861,646</u>
Fund balance - end of year	<u>\$ 344,986</u>	<u>\$ 497,278</u>	<u>\$ 842,264</u>

See notes to financial statements.

CITY OF VALLEY
Discretely Presented Component Unit
September 30, 2021

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, 2021

Assets

Current assets

Cash and cash equivalents

\$ 69,738

Total current assets

69,738

Capital Assets, net

6,221

Total capital assets

6,221

Total assets

\$ 75,959

Liabilities

Current liabilities

Accounts payable

\$ 800

Total liabilities

800

Net position

Restricted - Cemetery

50,210

Unrestricted

24,949

Total net position

75,159

Total liabilities and net position

\$ 75,959

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, 2021

Operating revenues	
Contributions and donations	\$ 14,000
Total operating revenues	14,000
 Operating expenses	
Supplies and expenses	840
Depreciation expenses	160
Total operating expenses	1,000
Change in net position	13,000
Net position - beginning of year	62,159
Net position - end of year	\$ 75,159

See notes to financial statements.

CITY OF VALLEY
Statement of Cash Flows
Discretely Presented Component Unit
Year ended September 30, 2021

Cash flows from operating activities	
Cash receipts from customers	\$ 14,000
Cash paid to suppliers for services	<u>(2,063)</u>
Net cash provided by operating activities	<u>11,937</u>
 Cash flows from investing activities	
Purchase of capital assets	<u>(6,381)</u>
Net cash used in investing activities	<u>(6,381)</u>
 Net increase in cash and cash equivalents	 5,556
Cash and cash equivalents - beginning of year	<u>64,182</u>
Cash and cash equivalents - end of year	<u>\$ 69,738</u>
 Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ 13,000
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	160
Decrease in:	
Accounts payable	<u>(1,223)</u>
 Net cash provided by operating activities	 <u>\$ 11,937</u>

See notes to financial statements.

CITY OF VALLEY
Schedule of Debt Service
General Obligation Warrants
September 30, 2021

Year ending Sept 30,	General Obligation Warrants, Series 2021 (Taxable)		General Obligation Warrants, Series 2021 (Tax Exempt)		General Obligation Warrants, Series 2019		General Obligation Warrants, Series 2018		General Obligation Warrants, Series 2017		Total General Long-term Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ 258,104	\$ 174,436	\$ 497,613	\$ 201,535	\$ 286,832	\$ 122,366	\$ 448,936	\$ 151,474	\$ 373,197	\$ 124,103	\$ 1,864,682	\$ 773,914	\$ 2,638,596
2023	267,602	164,937	510,270	188,877	295,022	114,176	460,309	140,102	383,503	113,797	1,916,706	721,889	2,638,595
2024	277,017	155,522	522,760	176,388	303,148	106,050	471,612	128,799	393,807	103,493	1,968,344	670,252	2,638,596
2025	287,645	144,894	536,547	162,601	312,102	97,096	483,919	116,494	404,971	92,329	2,025,184	613,414	2,638,598
2026	298,232	134,308	550,194	148,953	321,013	88,185	496,176	104,235	416,155	81,145	2,081,770	556,826	2,638,596
2027	309,207	123,332	564,189	134,958	330,179	79,019	508,745	91,666	427,648	69,652	2,139,968	498,627	2,638,595
2028	320,273	112,266	578,204	120,944	339,409	69,788	521,413	78,998	439,296	58,004	2,198,595	440,000	2,638,595
2029	332,374	100,166	593,248	105,900	349,298	59,900	534,842	65,569	451,590	45,710	2,261,352	377,245	2,638,597
2030	344,605	87,933	608,338	90,810	359,271	49,926	548,391	52,020	464,062	33,238	2,324,667	313,927	2,638,594
2031	357,288	75,251	623,811	75,336	369,530	39,668	562,283	38,128	476,878	20,422	2,389,790	248,805	2,638,595
2032	370,262	62,277	639,512	59,636	379,996	29,202	576,459	23,952	490,024	7,275	2,456,253	182,342	2,638,595
2033	384,064	48,476	655,946	43,202	390,931	18,267	591,131	9,281	-	-	2,022,072	119,226	2,141,298
2034	398,198	34,341	672,630	26,517	402,093	7,105	49,932	103	-	-	1,522,853	68,066	1,590,919
2035	412,853	19,686	689,739	9,408	34,020	79	-	-	-	-	1,136,612	29,173	1,165,785
2036	319,564	4,840	-	-	-	-	-	-	-	-	319,564	4,840	324,404
2037	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 4,937,288</u>	<u>\$ 1,442,665</u>	<u>\$ 8,243,001</u>	<u>\$ 1,545,065</u>	<u>\$ 4,472,844</u>	<u>\$ 880,827</u>	<u>\$ 6,254,148</u>	<u>\$ 1,000,821</u>	<u>\$ 4,721,131</u>	<u>\$ 749,168</u>	<u>\$ 28,628,412</u>	<u>\$ 5,618,546</u>	<u>\$ 34,246,958</u>

See notes to financial statements.