

**CITY OF VALLEY**  
**VALLEY, ALABAMA**

Financial Statements

September 30, 2022

**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**

Morrow & Nix, LLC, Attorneys-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

### Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

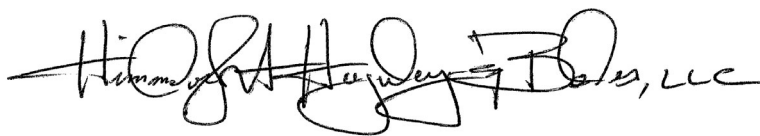
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of changes in the net pension liability, and the schedule of employer contributions information be presented to supplement the basic 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.

### **Supplementary 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, 2023

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)***

*City of Valley, Alabama*

*For the Year Ended September 30, 2022*

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 \$4,714,844.
- The total cost of all the City's programs was \$10,563,476.
- During the year, the City had expenses of \$9,741,894 for governmental activities, which was \$4,714,844 less than the \$14,456,738 generated in general and program revenues.
- The City's combined assets exceeded its combined liabilities by \$37,002,091, 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**

- Our Community Center hosted softball tournaments and swim meets, which brings in fans that generate revenue from hotels, restaurants, etc.
- The City appointed a new Police Chief, who was sworn into office October of 2022.
- The City continues to pave streets and to update the infrastructure. The City has bids for a total of 25 streets.
- The City continues to tear down dilapidated houses which helps cleanup our community. The City is selling the lots to compensate some of the money from removing the dilapidated houses from the property.
- The City approved an agreement for redistricting for council members. Louis Hines, from Alabama State University, was hired and the project has been completed.
- The City purchased the Burney property in a prior period. The City added infrastructure including, water lines, roads, lights, and sewage to facilitate future development to this property in 2022. The stimulus money received from the federal government was used to fund this project. Front lots on the property are now selling for \$100,000 each and back lots are being sold for \$25,000 each.



- The City organized a cleanup project in April 2022 to keep our city clean.
- The City purchased and cleared 225 acres for the development of a new industry coming to our location (1776 Ammunition Plant). The City Council approved the lease agreement for this company to start business. This is a great addition to the City with approximately 500 jobs to be provided when completed.
- The City adopted the 2015 Property Maintenance Code to make sure the buildings in the City are up-to-date and within code.
- The City purchased 370 acres of river front property in the Shawmut community. An engineer was hired to study the housing and development along the river. The City chose to cut the timber on this property for estimated value between \$60,000 and \$70,000.
- The retirement increase was funded 100% so the City's employees would get the raise.
- The City closed 24<sup>th</sup> Avenue due to storm damage. The City chose to close this road because it would cost \$200,000 to repair.
- The City donated property to Chambers County School System.
- The City approved a tax abatement in 2022 to John Soules Foods to add to their initial investment.

### **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 17 and 19) 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 20. 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 11. 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 20. 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, 2022, was \$37,002,091. The governmental activities net position was \$36,935,787, and the business-type activities net position was \$66,304. The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>						
Current and other assets	\$ 16,905,703	\$ 19,432,185	\$ 312,326	\$ 234,028	\$ 17,218,029	\$ 19,666,213
Capital assets	47,118,163	41,669,275	15,930	-	47,134,093	41,669,275
Total assets	64,023,866	61,101,460	328,256	234,028	64,352,122	61,335,488
<b>Deferred outflows of resources</b>						
Deferred outflows related to pensions	738,267	705,277	15,210	14,992	753,477	720,269
Deferred charge on refunding	993,351	1,137,158	-	-	993,351	1,137,158
Total deferred outflows of resources	1,731,618	1,842,435	15,210	14,992	1,746,828	1,857,427
<b>Liabilities</b>						
Long-term liabilities	26,649,818	29,654,546	39,561	22,813	26,689,379	29,677,359
Other liabilities	990,501	905,966	201,369	90,556	1,191,870	996,522
Total liabilities	27,640,319	30,560,512	240,930	113,369	27,881,249	30,673,881
<b>Deferred inflows of resources</b>						
Pension deferrals	1,172,378	162,440	25,693	1,781	1,198,071	164,221
Deferred revenue	7,000	-	10,539	7,733	17,539	7,733
Total deferred inflows of resources	1,179,378	162,440	36,232	9,514	1,215,610	171,954
<b>Net Position</b>						
Net investment in capital assets	21,359,682	14,178,021	15,930	-	21,375,612	14,178,021
Restricted	7,694,205	11,829,454	-	-	7,694,205	11,829,454
Unrestricted	7,881,900	6,213,468	50,374	126,137	7,932,274	6,339,605
Total net position	\$ 36,935,787	\$ 32,220,943	\$ 66,304	\$ 126,137	\$ 37,002,091	\$ 32,347,080

For more detailed information, see the Statement of Net Position on pages 17 and 18.

The City's unrestricted net position for governmental activities that can be used to finance day-to-day operations was \$7,881,900.

**Changes in Net Position**

The City's Change in Net Position of the governmental activities was \$4,714,844, and the change in net position of business-type activities was (\$59,833).

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>		<b>For the year ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 564,119	\$ 529,737	\$ 760,447	\$ 799,199	\$ 1,324,566	\$ 1,328,936
Operating grants and contributions	112,506	132,381	-	-	112,506	132,381
Capital grants and contributions	1,408,734	4,303,393	-	-	1,408,734	4,303,393
<b>General revenues</b>						
Sales taxes	9,285,890	8,952,226	-	-	9,285,890	8,952,226
Other taxes	650,177	687,709	-	-	650,177	687,709
License and Permits	1,935,849	1,876,920	-	-	1,935,849	1,876,920
Interest earnings	66,183	55,715	1,302	1,238	67,485	56,953
Gain/(Loss) on disposal of capital assets	433,280	34,542	-	-	433,280	34,542
Total revenues	<u>14,456,738</u>	<u>16,572,623</u>	<u>761,749</u>	<u>800,437</u>	<u>15,218,487</u>	<u>17,373,060</u>
<b>Expenses</b>						
General administration	2,158,792	2,060,313	-	-	2,158,792	2,060,313
Public safety	2,401,491	2,506,469	-	-	2,401,491	2,506,469
Public works	2,125,672	1,821,299	-	-	2,125,672	1,821,299
Health	38,750	41,750	-	-	38,750	41,750
Culture and recreation	1,839,730	1,818,891	-	-	1,839,730	1,818,891
Welfare	212,090	210,378	-	-	212,090	210,378
Urban rehabilitation	78,818	72,598	-	-	78,818	72,598
Interest on long-term debt	886,551	847,591	-	-	886,551	847,591
Solid waste	-	-	821,582	796,717	821,582	796,717
Total expenses	<u>9,741,894</u>	<u>9,379,289</u>	<u>821,582</u>	<u>796,717</u>	<u>10,563,476</u>	<u>10,176,006</u>
Excess before transfers	<u>4,714,844</u>	<u>7,193,334</u>	<u>(59,833)</u>	<u>3,720</u>	<u>4,655,011</u>	<u>7,197,054</u>
Transfers	-	-	-	-	-	-
Change in net position	<u>4,714,844</u>	<u>7,193,334</u>	<u>(59,833)</u>	<u>3,720</u>	<u>4,655,011</u>	<u>7,197,054</u>
Beginning 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>
Total net position	<u>\$ 36,935,787</u>	<u>\$ 32,220,943</u>	<u>\$ 66,304</u>	<u>\$ 126,137</u>	<u>\$ 37,002,091</u>	<u>\$ 32,347,080</u>

For more detailed information, see the Statement of Activities on page 19.

The governmental activities total revenues decreased by 12.77% to \$14,456,738, due primarily to a decrease in capital grants and contributions. Sales taxes account for 64.23% of all governmental activities revenues. The remaining revenues are comprised of charges for services and various other sources. The business-type activities total revenue decreased by 4.83%.

The total cost of all programs and services increased by \$387,470. The cost of governmental activities increased by \$362,605, and the cost of business-type activities increased by \$24,865.

### **Governmental Activities**

The change in net position of governmental activities was \$4,714,844, 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 (\$59,833), resulting primarily from the allowance for doubtful accounts.

## **THE CITY'S FUNDS**

### **Governmental Funds**

As of September 30, 2022, the Governmental Funds reported a combined fund balance of \$16,022,478, which is 16.33% decrease from the beginning of the year. The Governmental Funds experienced a net decrease of \$2,616,103, resulting primarily from expenditures on capital assets.

### **Business-type Funds**

As of September 30, 2022, business-type funds reported a combined net position of \$66,304. The business-type funds Change in Net Position totaled (\$59,833).

### **General Fund Budgetary Highlights**

General Fund revenues exceeded budget by \$1,338,203, 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 \$1,431,594, largely due to an increase in spending on capital outlay.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2022, the City had \$47,134,093 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 \$5,464,818 or 13.11% more than last year. The increase can be attributed to the capital projects that are ongoing or completed for water/sewer improvements and infrastructure construction.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land	\$ 10,990,601	\$ 10,155,981	\$ -	\$ -	\$ 10,990,601	\$ 10,155,981
Construction in progress	8,123,720	6,107,194	-	-	8,123,720	6,107,194
Infrastructure, net	16,919,045	14,154,158	-	-	16,919,045	14,154,158
Equipment, net	1,603,923	1,500,139	15,930	-	1,619,853	1,500,139
Buildings and improvements, net	9,480,874	9,751,803	-	-	9,480,874	9,751,803
Total capital assets, net	<u>\$ 47,118,163</u>	<u>\$ 41,669,275</u>	<u>\$ 15,930</u>	<u>\$ -</u>	<u>\$ 47,134,093</u>	<u>\$ 41,669,275</u>

**Computation of Legal Debt Margin**

**Section 772**

Assessed value of real and personal taxable property as of  
 September 30, 2022<sup>(1)</sup>

\$ 112,382,060

Debt limit, fifty percent of assessed value (constitutional limitation)<sup>(2)</sup>

\$ 56,191,030

Debt in governmental activities

26,751,832

Total general obligation debt for computation

26,751,832

Net bonded indebtedness

26,751,832

Legal debt margin

\$ 29,439,198

(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, 2022, the City had \$26,751,832 in warrants payable outstanding versus \$28,628,412 at September 30, 2021, an decrease of 7.01%. This decrease resulted primarily from the repayment of bonds in the current period.

## **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, 2023. The City Council took the Mayor's proposed budget under consideration and, after further review and evaluation, adopted the fiscal year 2023 budget. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenditures and the overall economy were some of these factors.

Total investments in Chambers County 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 \$11,819,300 for the fiscal year 2023. The City took into consideration the current economic environment and its effect on the City when budgeting expenditures for the fiscal year 2023.

If these estimates are realized, the City's budgetary fund balance is expected to increase moderately by the close of fiscal year 2023.

## **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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 15,987,634	\$ 309,121	\$ 16,296,755	\$ 65,590
Taxes receivable, net	735,829	-	735,829	-
Other receivables	33,867	1,724	35,591	-
Prepaid expenses	148,373	1,481	149,854	-
Total current assets	16,905,703	312,326	17,218,029	65,590
Noncurrent assets				
Nondepreciable capital assets	19,114,321	-	19,114,321	-
Depreciable capital assets, net	28,003,842	15,930	28,019,772	5,903
Total noncurrent assets	47,118,163	15,930	47,134,093	5,903
Total assets	64,023,866	328,256	64,352,122	71,493
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	738,267	15,210	753,477	-
Deferred charge on refunding	993,351	-	993,351	-
Total deferred outflows of resources	1,731,618	15,210	1,746,828	-
Total assets and deferred outflows of resources	\$ 65,755,484	\$ 343,466	\$ 66,098,950	\$ 71,493

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Net Position  
September 30, 2022  
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Valley Historical Preservation Commission
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 939,603	\$ 63,795	\$ 1,003,398	\$ -
Accrued payroll and benefits	69,378	1,758	71,136	-
Accrued interest payable	32,874	-	32,874	-
Due to (from) other funds	(133,395)	133,395	-	-
Due to other governments	639	-	639	-
Compensated absences	81,402	2,421	83,823	-
Current portion of warrants payable, net	1,933,023	-	1,933,023	-
Total current liabilities	2,923,524	201,369	3,124,893	-
Noncurrent liabilities				
Customer deposits	-	43,459	43,459	-
Warrants payable, net	24,818,809	-	24,818,809	-
Net pension liability	(102,014)	(3,898)	(105,912)	-
Total noncurrent liabilities	24,716,795	39,561	24,756,356	-
Total liabilities	27,640,319	240,930	27,881,249	-
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	1,172,378	25,693	1,198,071	-
Deferred revenue	7,000	10,539	17,539	-
Total deferred inflows of resources	1,179,378	36,232	1,215,610	-
<b>Net position</b>				
Net investment in capital assets	21,359,682	15,930	21,375,612	-
Restricted for				
Special revenue	713,595	-	713,595	-
Cemetery	-	-	-	50,211
Capital Projects	6,980,610	-	6,980,610	-
Unrestricted	7,881,900	50,374	7,932,274	21,282
Total net position	36,935,787	66,304	37,002,091	71,493
Total liabilities, deferred inflows of resources and net position	\$ 65,755,484	\$ 343,466	\$ 66,098,950	\$ 71,493

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Activities  
Year ended September 30, 2022

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		
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 2,158,792	\$ 29,047	\$ -	\$ 1,087,658	\$ (1,042,087)	\$ -	\$ (1,042,087)	\$ -
Public safety	2,401,491	78,277	-	-	(2,323,214)	-	(2,323,214)	-
Public works	2,125,672	9,746	-	321,076	(1,794,850)	-	(1,794,850)	-
Health	38,750	-	-	-	(38,750)	-	(38,750)	-
Culture and recreation	1,839,730	440,699	67,814	-	(1,331,217)	-	(1,331,217)	-
Welfare	212,090	6,350	44,692	-	(161,048)	-	(161,048)	-
Urban rehabilitation	78,818	-	-	-	(78,818)	-	(78,818)	-
Interest on long-term debt	886,551	-	-	-	(886,551)	-	(886,551)	-
<b>Total governmental activities</b>	<b>9,741,894</b>	<b>564,119</b>	<b>112,506</b>	<b>1,408,734</b>	<b>(7,656,535)</b>	<b>-</b>	<b>(7,656,535)</b>	<b>-</b>
<b>Business-type activities</b>								
Solid waste	821,582	760,447	-	-	-	(61,135)	(61,135)	-
<b>Total business-type activities</b>	<b>821,582</b>	<b>760,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,135)</b>	<b>(61,135)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 10,563,476</b>	<b>\$ 1,324,566</b>	<b>\$ 112,506</b>	<b>\$ 1,408,734</b>	<b>(7,656,535)</b>	<b>(61,135)</b>	<b>(7,717,670)</b>	<b>-</b>
<b>Component unit</b>								
Valley Historic Preservation Commission	\$ 3,671	\$ -	\$ -	\$ -				(3,671)
<b>General revenues and other items</b>								
Taxes:								
Sales					9,285,890	-	9,285,890	-
Other					650,177	-	650,177	-
License and Permits					1,935,849	-	1,935,849	-
Investment earnings					66,183	1,302	67,485	4
Gain on disposal of capital assets					433,280	-	433,280	-
<b>Total general revenues and other items</b>					<b>12,371,379</b>	<b>1,302</b>	<b>12,372,681</b>	<b>4</b>
<b>Change in net position</b>					<b>4,714,844</b>	<b>(59,833)</b>	<b>4,655,011</b>	<b>(3,667)</b>
<b>Net position - beginning of year</b>					<b>32,220,943</b>	<b>126,137</b>	<b>32,347,080</b>	<b>75,160</b>
<b>Net position - end of year</b>					<b>\$ 36,935,787</b>	<b>\$ 66,304</b>	<b>\$ 37,002,091</b>	<b>\$ 71,493</b>

See notes to financial statements.

**CITY OF VALLEY**  
Balance Sheet  
Governmental Funds  
September 30, 2022

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 6,156,266	\$ 7,463,933	\$ 2,367,435	\$ 15,987,634
Taxes receivable, net	703,500	-	32,329	735,829
Other receivables	28,444	-	5,423	33,867
Prepaid expenses	144,340	-	4,033	148,373
Total assets	<u>\$ 7,032,550</u>	<u>\$ 7,463,933</u>	<u>\$ 2,409,220</u>	<u>\$ 16,905,703</u>
<b>Liabilities</b>				
Accounts payable	\$ 235,275	\$ 659,428	\$ 44,900	\$ 939,603
Accrued payroll and benefits	67,727	-	1,651	69,378
Due to (from) other funds	91,274	(176,105)	(48,564)	(133,395)
Due to other governments	-	-	639	639
Total liabilities	<u>394,276</u>	<u>483,323</u>	<u>(1,374)</u>	<u>876,225</u>
<b>Deferred inflows of resources</b>				
Unearned revenue	7,000	-	-	7,000
<b>Fund balance</b>				
Nonspendable				
Other receivables	28,444	-	-	28,444
Prepaid expenses	144,340	-	-	144,340
Restricted for				
Special revenue	-	-	713,595	713,595
Capital projects	-	6,980,610	-	6,980,610
Assigned for				
Capital projects	-	-	1,684,597	1,684,597
Unassigned	6,458,490	-	12,402	6,470,892
Total fund balance	<u>6,631,274</u>	<u>6,980,610</u>	<u>2,410,594</u>	<u>16,022,478</u>
Total liabilities and fund balance	<u>\$ 7,032,550</u>	<u>\$ 7,463,933</u>	<u>\$ 2,409,220</u>	<u>\$ 16,905,703</u>

See notes to financial statements.

**CITY OF VALLEY**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2022**

**Total fund balances - governmental funds** \$ 16,022,478

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	64,830,513	
Less accumulated depreciation	<u>(17,712,350)</u>	47,118,163

Interest payable is not recognized as an expenditure in governmental funds, but rather is recognized when an expenditure is paid.	(32,874)
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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	(26,751,832)	
Warrant discounts	-	
Deferred outflow of resources for deferred charges	993,351	
Deferred outflows of resources for pensions	738,267	
Deferred inflows related to pensions	(1,172,378)	
Compensated absences	(81,402)	
Net pension liability	<u>102,014</u>	<u>(26,171,980)</u>

**Total net position - governmental activities** \$ 36,935,787

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year ended September 30, 2022

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes				
Sales and miscellaneous	\$ 9,090,293	\$ -	\$ 195,597	\$ 9,285,890
Other	650,177	-	-	650,177
Licenses and permits	1,935,849	-	-	1,935,849
Intergovernmental	-	1,087,658	349,207	1,436,865
Charges for services	459,676	-	-	459,676
Fines and forfeitures	76,994	-	-	76,994
Contributions	67,814	-	16,560	84,374
Interest	21,671	36,974	7,538	66,183
Other	15,300	44,550	11,017	70,867
Total revenue	<u>12,317,774</u>	<u>1,169,182</u>	<u>579,919</u>	<u>14,066,875</u>
<b>Expenditures</b>				
General government	1,857,062	-	-	1,857,062
Public safety	2,333,832	-	-	2,333,832
Public works	1,364,305	5,391	14,908	1,384,604
Health and sanitation	38,750	-	-	38,750
Culture and recreation	1,372,947	-	-	1,372,947
Welfare	21,403	-	186,566	207,969
Urban rehabilitation	78,818	-	-	78,818
Capital outlay	2,129,342	5,400,282	280,470	7,810,094
Debt service				
Principal retirement	1,876,580	-	-	1,876,580
Interest and fees	747,160	-	-	747,160
Total expenditures	<u>11,820,199</u>	<u>5,405,673</u>	<u>481,944</u>	<u>17,707,816</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>\$ 497,575</u>	<u>\$ (4,236,491)</u>	<u>\$ 97,975</u>	<u>\$ (3,640,941)</u>

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year ended September 30, 2022  
(Continued)

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	\$ 231,331	\$ -	\$ 792,375	\$ 1,023,706
Proceeds from the sale of municipal property	1,131	-	-	1,131
Transfers (out) in	(172,547)	5,000	167,547	-
Total other financing sources (uses)	<u>59,915</u>	<u>5,000</u>	<u>959,922</u>	<u>1,024,837</u>
Net change in fund balance	557,490	(4,231,491)	1,057,897	(2,616,104)
Fund balance - beginning of year	<u>6,073,784</u>	<u>11,212,101</u>	<u>1,352,697</u>	<u>18,638,582</u>
Fund balance - end of year	<u>\$ 6,631,274</u>	<u>\$ 6,980,610</u>	<u>\$ 2,410,594</u>	<u>\$ 16,022,478</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, 2022**

**Net changes in fund balances - governmental funds** \$ (2,616,104)

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	7,810,094	
Less depreciation expense	<u>(1,770,780)</u>	6,039,314

The proceeds from the sale of capital assets (\$1,023,706) are reported as other financing sources in the governmental funds. However, the net book value of the capital assets (\$590,426) 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 (\$433,280). (590,426)

The issuance of long-term debt (e.g., warrants, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal 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	1,876,580	
Deferred refunding costs	<u>(143,808)</u>	1,732,772

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	(6,330)	
Net decrease in pension expense	151,201	
Decrease in accrued interest	<u>4,417</u>	<u>149,288</u>

**Change in net position - governmental activities** **\$ 4,714,844**

See notes to financial statements.



**CITY OF VALLEY**  
Statement of Net Position  
Proprietary Fund  
September 30, 2022

	<b>Solid Waste Collection</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 309,121
Other receivable	1,724
Prepaid expenses	1,481
Total current assets	312,326
Non-current assets	
Depreciable capital assets, net	15,930
Total non-current assets	15,930
Total assets	328,256
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	15,210
Total deferred outflows of resources	15,210
Total assets and deferred outflows of resources	\$ 343,466
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 63,795
Accrued payroll and benefits	1,758
Due to other funds	133,395
Compensated absences	2,421
Total current liabilities	201,369
Noncurrent liabilities	
Customer Deposits	43,459
Net pension liability	(3,898)
Total noncurrent liabilities	39,561
Total liabilities	240,930
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions	25,693
Unearned revenue	10,539
Total deferred inflows of resources	36,232
<b>Net position</b>	
Net investment in capital assets	15,930
Unrestricted	50,374
Total net position	66,304
Total liabilities, deferred inflows of resources and net position	\$ 343,466

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
Year ended September 30, 2022

	<b>Solid Waste Collection</b>
<b>Operating revenues</b>	
Charges for services	\$ 760,447
Total operating revenues	760,447
<b>Operating expenses</b>	
Salaries	76,732
Employee benefits	25,467
Payroll taxes	5,081
Depreciation expense	270
Contract services - garbage pickup	683,382
Utilities and telephone	3,642
Supplies	12,425
Maintenance and repairs	4,512
Insurance	798
Other	9,273
Total operating expenses	821,582
Operating loss	(61,135)
<b>Non-operating revenues</b>	
Interest income	1,302
Total non-operating revenues	1,302
Change in net position	(59,833)
Net position, beginning of year	126,137
Net position, end of year	\$ 66,304

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Cash Flows  
Proprietary Fund  
Year ended September 30, 2022

	<b>Solid Waste Collection</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 748,809
Cash paid to suppliers for goods and services	(110,137)
Cash paid to employees	(669,545)
Cash from unearned revenue	2,806
Net cash used in operating activities	(28,067)
<b>Cash flows from noncapital and capital financing activities</b>	
Due to City of Valley	120,979
Purchase of fixed assets	(16,200)
Net cash provided by noncapital financing activities	104,779
<b>Cash flows from investing activities</b>	
Interest on cash and investments	1,302
Net cash provided by investing activities	1,302
Net increase in cash and cash equivalents	78,014
Cash and cash equivalents at beginning of year	231,107
Cash and cash equivalents at end of year	\$ 309,121
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (61,135)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	270
Bad debt expense	55,098
Increase (decrease) in:	
Accounts receivable	(55,097)
Prepaid expenses	(285)
Deferred outflows of resources for pensions	(218)
(Increase) decrease in:	
Accounts payable	(10,611)
Accrued payroll and benefits	445
Customer deposits	43,459
Net pension liability	(26,711)
Deferred inflows	23,912
Unearned revenue	2,806
<b>Net cash used in operating activities</b>	<b>\$ (28,067)</b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022

**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, 2023, 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, 2022.

***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, 2022  
(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, 2022.

**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, 2022  
(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, 2022  
(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.

**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 Funds** - 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, 2022  
(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, 2022  
(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

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Pensions - Continued**

value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (“GASB”). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State’s Annual Comprehensive Financial Report.

**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.

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Balance - Continued**

These requirements include designating the responsible party to make assignments of fund balance, and the City designated the City Council as the responsible party based on the size of City government.

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

**NOTE 2 - RECEIVABLES AND PAYABLES**

Receivables consisted of the following at September 30, 2022:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Taxes			
Sales	\$ 703,500	\$ -	\$ 703,500
Intergovernmental	36,579	-	36,579
Customers	-	57,648	57,648
Other	29,617	1,724	31,341
Gross receivables	769,696	59,372	829,068
Less: allowance for uncollectible accounts	-	(57,648)	(57,648)
Net receivables	<u>\$ 769,696</u>	<u>\$ 1,724</u>	<u>\$ 771,420</u>

Payables consisted of the following at September 30, 2022:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Trade	\$ 939,603	\$ 63,795	\$ 1,003,398
Net payables	<u>\$ 939,603</u>	<u>\$ 63,795</u>	<u>\$ 1,003,398</u>

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables and payables consisted of the following at September 30, 2022:

<b>General Fund</b>		
Balance due to Major Governmental Funds	\$	(176,105)
Balance due from Nonmajor Governmental Funds		46,436
Balance due to Nonmajor Governmental Funds		(95,000)
Balance due from Solid Waste		133,395
		<u>(91,274)</u>
<b>Major Governmental Funds</b>		
Balance due from General Fund		176,105
<b>Nonmajor Governmental Funds</b>		
Balance due from General Fund		95,000
Balance due to General Fund		(46,436)
		<u>48,564</u>
<b>Solid Waste</b>		
Balance due to General Fund		(133,395)
	<u>\$</u>	<u>-</u>

Transfers between funds consisted of the following during the year ended September 30, 2022:

	Transfers In (Out)			Net Transfers Out (In)
	General	Capital Project	Non-Major Funds	
<b>Transfers Out (In)</b>				
General Fund	\$ -	\$ 5,000	\$ 167,547	\$ 172,547
Capital Project	(5,000)	-	-	(5,000)
Non-Major Funds	(167,547)	-	-	(167,547)
<b>Net Transfers In (Out)</b>	<u>\$ (172,547)</u>	<u>\$ 5,000</u>	<u>\$ 167,547</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, 2022  
(Continued)

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities consisted of the following for the year ended September 30, 2022:

	<b>Governmental Activities</b>				<b>September 30, 2022</b>
	<b>October 1, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (Out)/In</b>	
<b>Depreciable assets</b>					
Buildings and improvements	\$ 18,416,064	\$ 192,271	\$ 150,232	\$ 113,828	\$ 18,571,931
Equipment	4,812,265	559,065	136,420	-	5,234,910
Infrastructure	18,354,349	239,773	-	3,315,229	21,909,351
	<u>41,582,678</u>	<u>991,109</u>	<u>286,652</u>	<u>3,429,057</u>	<u>45,716,192</u>
Less accumulated depreciation					
Buildings and improvements	8,664,261	525,383	98,587	-	9,091,057
Equipment	3,312,126	455,282	136,421	-	3,630,987
Infrastructure	4,200,191	790,115	-	-	4,990,306
	<u>16,176,578</u>	<u>1,770,780</u>	<u>235,008</u>	<u>-</u>	<u>17,712,350</u>
	25,406,100	(779,671)	51,644	3,429,057	28,003,842
<b>Non-depreciable assets</b>					
Land and improvements	10,155,981	1,373,402	538,782	-	10,990,601
Construction in progress	6,107,194	5,445,583	-	(3,429,057)	8,123,720
	<u>16,263,175</u>	<u>6,818,985</u>	<u>538,782</u>	<u>(3,429,057)</u>	<u>19,114,321</u>
	<u>\$ 41,669,275</u>	<u>\$ 6,039,314</u>	<u>\$ 590,426</u>	<u>\$ -</u>	<u>\$ 47,118,163</u>

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 4 - CAPITAL ASSETS - Continued**

Capital asset activity for business-type activities consisted of the following for the year ended September 30, 2022:

	<b>Business-type Activities</b>				<b>September 30, 2022</b>
	<b>October 1, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (Out)/In</b>	
<b>Depreciable assets</b>					
Solid Waste - Equipment	\$ 30,486	\$ 16,200	\$ -	\$ -	\$ 46,686
	30,486	16,200	-	-	46,686
Less accumulated depreciation					
Solid Waste - Equipment	30,486	270	-	-	30,756
	30,486	270	-	-	30,756
	\$ -	\$ 15,930	\$ -	\$ -	\$ 15,930

Capital asset activity for component unit activities consisted of the following for the year ended September 30, 2022:

	<b>Component Unit Activities</b>				<b>September 30, 2022</b>
	<b>October 1, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (Out)/In</b>	
<b>Depreciable assets</b>					
Component Unit - Improvements	\$ 6,381	\$ -	\$ -	\$ -	\$ 6,381
	6,381	-	-	-	6,381
Less accumulated depreciation					
Component Unit - Improvements	159	319	-	-	478
	159	319	-	-	478
	\$ 6,222	\$ (319)	\$ -	\$ -	\$ 5,903

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 4 - CAPITAL ASSETS - Continued**

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

<b>Governmental activities</b>	
General government	\$ 340,522
Public safety	126,492
Public works	810,243
Culture and recreation	486,460
Welfare	7,063
	<u>\$ 1,770,780</u>
 <b>Business-type activities</b>	
General government	\$ 270
	<u>\$ 270</u>
 <b>Component Unit</b>	
Valley Historic Preservation Commission	\$ 319
	<u>\$ 319</u>

**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 15 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](http://www.rsa-al.gov).

The ERS Board of Control consists of 15 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.



**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 5 - PENSION PLAN - Continued**

***General Information about the Pension Plan - Continued***

***Plan Description - Continued***

- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. One full-time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - d. One full-time employee participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - e. One full-time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
  - f. One full-time employee of a participating employer other than a municipality, city or county 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 formula method. 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.

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 5 - PENSION PLAN - Continued**

***General Information about the Pension Plan - Continued***

***Benefits Provided - Continued***

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.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (“PLOP”) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
<b>Total</b>	<b>104,510</b>

The City’s membership as of the measurement date of September 30, 2021, consisted of:

Retired members of their beneficiaries currently receiving benefits	34
Vested inactive members	2
Non-vested inactive members	12
Active members	74
Post-DROP retired members still in active service	0
<b>Total</b>	<b>122</b>

***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.

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 5 - PENSION PLAN - Continued**

***General Information about the Pension Plan - Continued***

***Contributions - Continued***

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.

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, 2022, the City's active employee contribution rate was 7.964% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 3.919% of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2022, was 6.07% of pensionable pay for Tier 1 employees, and 3.14% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, 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 \$131,479 for the year ended September 30, 2022.

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 5 - PENSION PLAN - Continued**

***General Information about the Pension Plan - Continued***

***Net Pension Liability***

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021, 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	Actual After 2020 Experience Study
(a) Total Pension Liability as of September 30, 2020	\$ 11,023,996	\$ 10,758,163	\$ 10,758,163	\$ 11,265,599
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	277,516	277,516	277,516	302,072
(d) Transfers Among Employers:	-	(42,938)	(42,938)	(42,938)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 - September 30, 2021	(695,095)	(695,095)	(695,095)	(695,095)
(f) Total Pension Liability as of September 30, 2021 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 11,428,504</u>	<u>\$ 11,099,264</u>	<u>\$ 11,099,264</u>	<u>\$ 11,643,033</u>
(g) Difference between Expected and Actual:		\$ (329,240)		
(h) Less Liability Transferred for Immediate Recognition:		<u>(42,938)</u>		
(i) Experience (Gain)/Loss = (g) - (h)		\$ (286,302)		
(j) Difference between Actual TPL Before and After Act 2019-132 - Benefit Change (Gain)/Loss =			\$ -	
(k) Difference between Actual TPL Before and After 2020 Experience Study - Assumption Change (Gain)/Loss				\$ 543,769

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 5 - PENSION PLAN - Continued**

***General Information about the Pension Plan - Continued***

***Actuarial Assumptions***

The total pension liability as of September 30, 2021 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increase	3.25% – 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment Rate of Return	7.45%, including inflation

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below-Median	Male: +1 Female: none	None
Beneficiaries	Contingent Survivor Below-Median	Male: +2 Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7 Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7 Female: none	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an actuarial experience study for the period October 1, 2015, through September 30, 2020.

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Mkt Stocks	12.00%	9.50%
Int'l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.00%

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(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, 7.45%. 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***

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at September 30, 2020	\$ 11,023,997	\$ 9,975,050	\$ 1,048,947
Changes for the year:			
Service cost	277,516	-	277,516
Interest	822,087	-	822,087
Changes of benefit terms	-	-	-
Changes of assumptions	543,769	-	543,769
Difference between expected and actual experience	(286,302)	-	(286,302)
Contributions - employer	-	101,029	(101,029)
Contributions - employee	-	239,880	(239,880)
Net investment income	-	2,171,020	(2,171,020)
Benefits of payments, including refunds of employee contributions	(695,095)	(695,095)	-
Transfers among employers	(42,938)	(42,938)	-
Net changes:	619,037	1,773,896	(1,154,859)
Balances at September 30, 2021	\$ 11,643,034	\$ 11,748,946	\$ (105,912)

***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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Plan's Net Pension Liability (Asset)	\$ 1,318,675	\$ (105,912)	\$ (1,304,358)

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(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 Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor’s report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2022, the City recognized pension expense of \$146,262. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 95,522	\$ 349,349
Changes of assumptions	526,475	-
Net difference between projected and actual earnings on pension plan investments	-	848,722
Employer contributions subsequent to the measurement date	131,480	-
	<b>\$ 753,477</b>	<b>\$ 1,198,071</b>

\$131,480 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:

	<b>Deferred Outflows of Resources</b>
2023	\$ (84,631)
2024	(117,878)
2025	(183,095)
2026	(263,902)
2027	42,207
Thereafter	4,225

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 6 - LONG-TERM DEBT**

The general obligation warrant issues consisted of the following at September 30, 2022:

	<b>Governmental Activities</b>
Series 2017 General Obligation Warrants, dated August 30, 2017, due in monthly payments through September 1, 2032, bearing an interest rate of 2.69%	\$ 4,347,934
Series 2018 General Obligation Warrants, dated October 9, 2018, due in monthly payments through October 10, 2023, bearing an interest rate of 2.47%	5,805,211
Series 2019 General Obligation Warrants, dated October 30, 2019, due in monthly payments through October 30, 2034, bearing an interest rate of 2.78%	4,186,012
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%	7,745,388
Series 2022 General Obligation Warrants (Tax-Exempt), dated January 10, 2022, due in monthly payments through June 10, 2036, bearing an interest rate of 2.68%	4,667,287
Total warrants payable, net	\$ 26,751,832

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

	<b>Principal</b>	<b>Interest</b>
2023	\$ 1,933,023	\$ 680,240
2024	1,982,736	630,528
2025	2,037,287	575,979
2026	2,091,533	521,730
2027	2,147,230	466,033
2028 - 2032	11,623,317	1,443,000
2033 - 2037	4,936,706	190,704
	\$ 26,751,832	\$ 4,508,214



**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 6 - LONG-TERM DEBT - Continued**

Changes in long-term liabilities for governmental activities consisted of the following at September 30, 2022:

<b>Governmental Activities</b>	<b>October 1, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>September 30, 2022</b>	<b>Due within one year</b>
Warrants payable:					
General obligation warrants	\$ 28,628,412	\$ -	\$ 1,876,580	\$ 26,751,832	\$ 1,933,023
Total warrants payable	28,628,412	-	1,876,580	26,751,832	1,933,023
Other liabilities:					
Net pension liability	1,026,134	(1,128,148)	-	(102,014)	-
Compensated absences	75,072	6,330	-	81,402	81,402
	<u>\$ 29,729,618</u>	<u>\$ (1,121,818)</u>	<u>\$ 1,876,580</u>	<u>\$ 26,731,220</u>	<u>\$ 2,014,425</u>

Changes in long-term liabilities for business-type activities consisted of the following at September 30, 2022:

<b>Business-type Activities</b>	<b>October 1, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>September 30, 2022</b>	<b>Due within one year</b>
Other liabilities:					
Net pension liability	\$ 22,813	\$ (26,711)	\$ -	\$ (3,898)	\$ -
Compensated absences	2,421	-	-	2,421	2,421
	<u>\$ 25,234</u>	<u>\$ (26,711)</u>	<u>\$ -</u>	<u>\$ (1,477)</u>	<u>\$ 2,421</u>

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.

**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 1<sup>st</sup> 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, 2022, the outstanding balance of the Series 2017 bonds totaled \$4,347,934.

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 10<sup>th</sup> day of each month beginning

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 6 - LONG-TERM DEBT - Continued**

**General Obligation Warrants - Continued**

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, 2022, the outstanding balance of the Series 2018 bonds totaled \$5,805,211.

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 30<sup>th</sup> 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, 2022, the outstanding balance of the Series 2019 bonds totaled \$4,186,012.

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 15<sup>th</sup> day of each month beginning on February 15, 2021, through 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, 2022. 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, 2022, the outstanding balance of the Series 2021 (Tax-Exempt) bonds totaled \$7,745,388.

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 10<sup>th</sup> day of each month beginning on July 10<sup>th</sup>, 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. The City refinanced this bond on January 10, 2022.

The City refinanced the General Obligation Warrants Series 2021 (Taxable) dated June 10, 2021, on January 10, 2022, for \$4,852,453. The new bond, General Obligation Warrant Series 2022 (Tax-Exempt), matures monthly on the 10<sup>th</sup> day of each month beginning on February 10, 2022, through June 10, 2036. Interest is payable with each payment at a rate of 2.68% per annum, with a fixed rate of interest. At September 30, 2022, the outstanding balance of the Series 2022 (Tax-Exempt) bonds totaled \$4,667,287.

**NOTE 7 - 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.

**CITY OF VALLEY**  
Notes to Financial Statements  
September 30, 2022  
(Continued)

**NOTE 8 - SUBSEQUENT EVENT**

The City has evaluated events subsequent to the date of the Statement of Net Position through March 28, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position through March 28, 2023, 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, 2022  
 (UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Sales and miscellaneous	\$ 8,200,000	\$ 8,200,000	\$ 9,090,293	\$ 890,293
Other	537,300	537,300	650,177	112,877
Licenses and permits	1,773,000	1,773,000	1,935,849	162,849
Charges for services	359,850	360,121	459,676	99,555
Fines and forfeitures	44,000	44,000	76,994	32,994
Contributions	45,000	45,000	67,814	22,814
Interest	20,000	20,000	21,671	1,671
Other	150	150	15,300	15,150
Total revenue	<u>10,979,300</u>	<u>10,979,571</u>	<u>12,317,774</u>	<u>1,338,203</u>
<b>Expenditures, current</b>				
General government	1,877,315	1,904,633	1,857,062	(47,571)
Public safety	2,395,600	2,387,867	2,333,832	(54,035)
Public works	1,345,050	1,345,983	1,364,305	18,322
Health and sanitation	42,000	42,000	38,750	(3,250)
Culture and recreation	1,433,275	1,441,046	1,372,947	(68,099)
Welfare	23,900	23,900	21,403	(2,497)
Urban rehabilitation	85,000	85,000	78,818	(6,182)
Capital outlay	413,000	553,476	2,129,342	1,575,866
Debt service				
Principal retirement	1,883,600	1,883,600	1,876,580	(7,020)
Interest and fees	721,100	721,100	747,160	26,060
Total expenditures	<u>10,219,840</u>	<u>10,388,605</u>	<u>11,820,199</u>	<u>1,431,594</u>
Excess of revenues over expenditures	<u>759,460</u>	<u>590,966</u>	<u>497,575</u>	<u>(93,391)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	231,331	231,331
Proceeds from sale of municipal property	-	-	1,131	1,131
Transfers (out) in	(156,734)	(151,609)	(172,547)	(20,938)
Total other financing sources (uses)	<u>(156,734)</u>	<u>(151,609)</u>	<u>59,915</u>	<u>211,524</u>
Net change in fund balance	<u>\$ 602,726</u>	<u>\$ 439,357</u>	<u>\$ 557,490</u>	<u>\$ 118,133</u>

See note to required supplementary information.

**CITY OF VALLEY**  
Note to Required Supplementary Information  
Budgetary Practices  
September 30, 2022  
(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.

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, 2012 through 2021  
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total pension liability</b>										
Service cost	\$ 277,517	\$ 265,530	\$ 299,014	\$ 291,268	\$ 291,928	\$ 270,926	\$ 250,225	\$ 258,426		
Interest	822,087	777,208	754,308	712,689	694,594	635,629	587,268	555,700		
Changes of benefit terms	-	150,542	-	-	-	-	-	-		
Differences between expected and actual experience	(286,302)	70,470	(45,296)	70,680	(322,155)	158,494	171,082	-		
Changes of assumptions	543,769	-	-	54,711	-	378,109	-	-		
Benefit payments, including refunds of employee contributions	(695,095)	(640,564)	(573,787)	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)		
Transfers among employees	(42,938)	(13,080)	(103,448)	(23,486)	30,339	6,088	-	-		
<b>Net change in total pension liability</b>	<b>619,038</b>	<b>610,106</b>	<b>330,791</b>	<b>668,370</b>	<b>209,746</b>	<b>1,069,996</b>	<b>579,687</b>	<b>403,972</b>		
<b>Total pension liability - beginning</b>	<b>11,023,996</b>	<b>10,413,890</b>	<b>10,083,099</b>	<b>9,414,729</b>	<b>9,204,983</b>	<b>8,134,987</b>	<b>7,555,300</b>	<b>7,151,328</b>		
<b>Total pension liability - ending (a)</b>	<b>\$ 11,643,034</b>	<b>\$ 11,023,996</b>	<b>\$ 10,413,890</b>	<b>\$ 10,083,099</b>	<b>\$ 9,414,729</b>	<b>\$ 9,204,983</b>	<b>\$ 8,134,987</b>	<b>\$ 7,555,300</b>		
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 101,029	\$ 135,929	\$ 142,663	\$ 169,507	\$ 160,560	\$ 164,716	\$ 146,549	\$ 143,323		
Contributions - member	239,880	187,754	178,057	220,070	218,188	177,318	163,504	151,007		
Net investment income	2,171,020	548,109	248,729	838,640	1,036,931	753,471	86,959	788,943		
Benefit payments, including refunds of employee contributions	(695,095)	(640,564)	(573,787)	(437,492)	(484,960)	(379,250)	(428,888)	(410,154)		
Transfers among employers	(42,938)	(13,080)	(103,448)	(23,486)	30,339	6,088	113,442	52,310		
<b>Net change in plan fiduciary net position</b>	<b>1,773,896</b>	<b>218,148</b>	<b>(107,786)</b>	<b>767,239</b>	<b>961,058</b>	<b>722,343</b>	<b>81,566</b>	<b>725,429</b>		
<b>Plan net position - beginning</b>	<b>9,975,050</b>	<b>9,756,902</b>	<b>9,864,688</b>	<b>9,097,449</b>	<b>8,136,390</b>	<b>7,414,047</b>	<b>7,332,481</b>	<b>6,607,052</b>		
<b>Plan net position - ending (b)</b>	<b>\$ 11,748,946</b>	<b>\$ 9,975,050</b>	<b>\$ 9,756,902</b>	<b>\$ 9,864,688</b>	<b>\$ 9,097,448</b>	<b>\$ 8,136,390</b>	<b>\$ 7,414,047</b>	<b>\$ 7,332,481</b>		
<b>Net pension liability (a) - (b)</b>	<b>\$ (105,912)</b>	<b>\$ 1,048,946</b>	<b>\$ 656,988</b>	<b>\$ 218,411</b>	<b>\$ 317,281</b>	<b>\$ 1,068,593</b>	<b>\$ 720,940</b>	<b>\$ 222,819</b>		
<b>Plan fiduciary net position as a percentage of the total total pension liability</b>	<b>100.91%</b>	<b>90.48%</b>	<b>93.69%</b>	<b>97.83%</b>	<b>96.63%</b>	<b>88.39%</b>	<b>91.14%</b>	<b>97.05%</b>		
<b>Covered payroll</b>	<b>\$ 4,126,421</b>	<b>\$ 2,908,854</b>	<b>\$ 2,958,624</b>	<b>\$ 3,312,210</b>	<b>\$ 3,144,900</b>	<b>\$ 3,140,417</b>	<b>\$ 2,915,994</b>	<b>\$ 2,648,355</b>		
<b>Net pension liability as a percentage of covered payroll</b>	<b>-2.57%</b>	<b>36.06%</b>	<b>22.21%</b>	<b>6.59%</b>	<b>10.09%</b>	<b>34.03%</b>	<b>24.72%</b>	<b>8.41%</b>		

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, 2013 through 2022  
(UNAUDITED)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 120,138	\$ 101,029	\$ 135,929	\$ 137,228	\$ 157,625	\$ 160,560	\$ 164,716	\$ 146,549		
Contributions in relation to the actuarially determined contributions	131,479	112,206	168,085	148,174	157,625	160,560	164,716	146,549		
Contributions deficiency (excess)	\$ (11,341)	\$ (11,177)	\$ (32,156)	\$ (10,946)	\$ -	\$ -	\$ -	\$ -		
<b>Covered payroll</b>	<b>\$ 3,065,607</b>	<b>\$ 4,126,421</b>	<b>\$ 2,908,854</b>	<b>\$ 2,958,624</b>	<b>\$ 3,312,210</b>	<b>\$ 3,144,900</b>	<b>\$ 3,140,417</b>	<b>\$ 2,915,994</b>		
<b>Contributions as a percentage of covered payroll</b>	<b>3.92%</b>	<b>2.45%</b>	<b>4.67%</b>	<b>4.64%</b>	<b>4.76%</b>	<b>5.11%</b>	<b>5.25%</b>	<b>5.03%</b>		

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, 2022  
(UNAUDITED)

**NOTE 1 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES**

Actuarially determined contribution rates are calculated as of September 30, 2019, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 01, 2021 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	13.4 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, 2022

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

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

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

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

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

**Community Development Fund** – This fund is used to account for grant revenues that are specifically restricted for used in making community improvements for recreation and sewer infrastructure.

**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, 2022

	<u>\$ .07 State Gas Tax</u>	<u>\$ .04 State Gas Tax</u>	<u>\$0.10 State Gas Tax</u>	<u>Senior Center</u>	<u>Community Development</u>	<u>Cemetery</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 219,839	\$ 177,550	\$ 183,885	\$ 101,980	\$ 67,008	\$ 21,334	\$ 771,596
Taxes receivable, net	10,156	8,029	14,144	-	-	-	32,329
Other receivables	-	-	-	1,173	4,250	-	5,423
Prepaid expense	-	-	-	4,033	-	-	4,033
Due from other funds	5,000	-	-	-	-	-	5,000
Total assets	<u>\$ 234,995</u>	<u>\$ 185,579</u>	<u>\$ 198,029</u>	<u>\$ 107,186</u>	<u>\$ 71,258</u>	<u>\$ 21,334</u>	<u>\$ 818,381</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 87	\$ 43,090	\$ 481	\$ 43,658
Accrued payroll and benefits	-	-	-	1,651	-	-	1,651
Due to other funds	5,073	-	-	30,083	10,877	403	46,436
Due to other governments	-	-	-	-	639	-	639
Total liabilities	<u>5,073</u>	<u>-</u>	<u>-</u>	<u>31,821</u>	<u>54,606</u>	<u>884</u>	<u>92,384</u>
<b>Fund balance</b>							
Restricted	229,922	185,579	198,029	75,365	4,250	20,450	713,595
Unassigned	-	-	-	-	12,402	-	12,402
Total fund balance	<u>229,922</u>	<u>185,579</u>	<u>198,029</u>	<u>75,365</u>	<u>16,652</u>	<u>20,450</u>	<u>725,997</u>
Total liabilities and fund balance	<u>\$ 234,995</u>	<u>\$ 185,579</u>	<u>\$ 198,029</u>	<u>\$ 107,186</u>	<u>\$ 71,258</u>	<u>\$ 21,334</u>	<u>\$ 818,381</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, 2022

	<b>\$.07 State Gas Tax</b>	<b>\$.04 State Gas Tax</b>	<b>\$.10 State Gas Tax</b>	<b>Senior Center</b>	<b>Community Development</b>	<b>Cemetery</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>							
Taxes - intergovernmental	\$ 61,344	\$ 48,548	\$ 85,705	\$ -	\$ -	\$ -	\$ 195,597
Other - intergovernmental	-	-	-	28,131	222,733	-	250,864
Contributions	-	-	-	8,745	-	7,815	16,560
Interest	771	622	583	341	210	64	2,591
Other	-	-	-	-	-	6,350	6,350
Total revenues	<u>62,115</u>	<u>49,170</u>	<u>86,288</u>	<u>37,217</u>	<u>222,943</u>	<u>14,229</u>	<u>471,962</u>
<b>Expenditures</b>							
Public works	2,208	-	-	-	-	-	2,208
Welfare	-	-	-	182,749	-	3,817	186,566
Capital Outlay	-	-	-	-	235,171	-	235,171
Total expenditures	<u>2,208</u>	<u>-</u>	<u>-</u>	<u>182,749</u>	<u>235,171</u>	<u>3,817</u>	<u>423,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>59,907</u>	<u>49,170</u>	<u>86,288</u>	<u>(145,532)</u>	<u>(12,228)</u>	<u>10,412</u>	<u>48,017</u>
<b>Other financing sources</b>							
Transfers in	62	-	-	167,146	-	339	167,547
Total other financing sources	<u>62</u>	<u>-</u>	<u>-</u>	<u>167,146</u>	<u>-</u>	<u>339</u>	<u>167,547</u>
Net change in fund balance	59,969	49,170	86,288	21,614	(12,228)	10,751	215,564
Fund balance - beginning of year	<u>169,953</u>	<u>136,409</u>	<u>111,741</u>	<u>53,751</u>	<u>28,880</u>	<u>9,699</u>	<u>510,433</u>
Fund balance - end of year	<u>\$ 229,922</u>	<u>\$ 185,579</u>	<u>\$ 198,029</u>	<u>\$ 75,365</u>	<u>\$ 16,652</u>	<u>\$ 20,450</u>	<u>\$ 725,997</u>

See notes to financial statements.

**CITY OF VALLEY**  
Nonmajor Capital Project Funds  
September 30, 2022

*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, 2022

	<u>Municipal Government Capital Improvement</u>	<u>Industrial Park</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 354,536	\$ 1,241,303	\$ 1,595,839
Due from other funds	90,000	-	90,000
Total assets	<u>\$ 444,536</u>	<u>\$ 1,241,303</u>	<u>\$ 1,685,839</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 1,242	\$ 1,242
Total liabilities	<u>-</u>	<u>1,242</u>	<u>1,242</u>
<b>Fund balance</b>			
Assigned for capital projects	444,536	1,240,061	1,684,597
Total fund balance	<u>444,536</u>	<u>1,240,061</u>	<u>1,684,597</u>
Total liabilities and fund balance	<u>\$ 444,536</u>	<u>\$ 1,241,303</u>	<u>\$ 1,685,839</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, 2022

	<b>Municipal Government Capital Improvement</b>	<b>Industrial Park</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues</b>			
Other - intergovernmental	\$ 98,343	\$ -	\$ 98,343
Interest	1,207	3,740	4,947
Other	-	4,667	4,667
Total revenues	<u>99,550</u>	<u>8,407</u>	<u>107,957</u>
<b>Expenditures</b>			
Public works	-	12,700	12,700
Capital outlay	-	45,299	45,299
Total expenditures	<u>-</u>	<u>57,999</u>	<u>57,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,550</u>	<u>(49,592)</u>	<u>49,958</u>
<b>Other financing uses</b>			
Proceeds from sale of capital assets	-	792,375	792,375
Total other financing uses	<u>-</u>	<u>792,375</u>	<u>792,375</u>
Net change in fund balance	99,550	742,783	842,333
Fund balance - beginning of year	<u>344,986</u>	<u>497,278</u>	<u>842,264</u>
Fund balance - end of year	<u>\$ 444,536</u>	<u>\$ 1,240,061</u>	<u>\$ 1,684,597</u>

See notes to financial statements.



**CITY OF VALLEY**  
Discretely Presented Component Unit  
September 30, 2022

*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, 2022

**Assets**

Current assets

Cash and cash equivalents	\$ 65,590
Total current assets	<u>65,590</u>

Capital Assets, net

Total capital assets	<u>5,903</u>
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Total assets

\$ 71,493

**Net position**

Restricted - Cemetery	\$ 50,211
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Unrestricted	<u>21,282</u>
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Total net position

71,493

Total liabilities and net position

\$ 71,493

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, 2022

<b>Operating revenues</b>	
Contributions and donations	\$ -
Total operating revenues	<u>-</u>
 <b>Operating expenses</b>	
Supplies and expenses	852
Payments to other governments	2,500
Depreciation expenses	319
Total operating expenses	<u>3,671</u>
 <b>Operating loss</b>	 (3,671)
 <b>Nonoperating revenues</b>	
Interest income	4
	<u>4</u>
 Change in net position	 (3,667)
 Net position - beginning of year	 <u>75,160</u>
 Net position - end of year	 <u><u>\$ 71,493</u></u>

See notes to financial statements.

**CITY OF VALLEY**  
Statement of Cash Flows  
Discretely Presented Component Unit  
Year ended September 30, 2022

<b>Cash flows from operating activities</b>	
Cash paid to suppliers for services	\$ (1,652)
Cash paid to other governments	(2,500)
Net cash used in operating activities	<u>(4,152)</u>
 <b>Cash flows from investing activities</b>	
Interest received	<u>4</u>
Net cash provided by investing activities	<u>4</u>
 Net decrease in cash and cash equivalents	 (4,148)
 Cash and cash equivalents - beginning of year	 <u>69,738</u>
 Cash and cash equivalents - end of year	 <u>\$ 65,590</u>
 <b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (3,671)
Adjustment to reconcile operating loss to net cash provided by operating activities	
Depreciation	319
Decrease in:	
Accounts payable	<u>(800)</u>
 <b>Net cash used in operating activities</b>	 <u>\$ (4,152)</u>

See notes to financial statements.

**CITY OF VALLEY**  
Schedule of Debt Service  
General Obligation Warrants  
September 30, 2022

Year ending Sept 30,	General Obligation Warrants, Series 2022 (Tax Exempt)		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
2023	\$ 283,919	\$ 123,288	\$ 510,270	\$ 188,877	\$ 295,022	\$ 114,176	\$ 460,309	\$ 140,102	\$ 383,503	\$ 113,797	\$ 1,933,023	\$ 680,240	\$ 2,613,263
2024	291,409	115,798	522,760	176,388	303,148	106,050	471,612	128,799	393,807	103,493	1,982,736	630,528	2,613,264
2025	299,748	107,459	536,547	162,601	312,102	97,096	483,919	116,494	404,971	92,329	2,037,287	575,979	2,613,266
2026	307,995	99,212	550,194	148,953	321,013	88,185	496,176	104,235	416,155	81,145	2,091,533	521,730	2,613,263
2027	316,469	90,738	564,189	134,958	330,179	79,019	508,745	91,666	427,648	69,652	2,147,230	466,033	2,613,263
2028	324,947	82,260	578,204	120,944	339,409	69,788	521,413	78,998	439,296	58,004	2,203,269	409,994	2,613,263
2029	334,116	73,091	593,248	105,900	349,298	59,900	534,842	65,569	451,590	45,710	2,263,094	350,170	2,613,264
2030	343,309	63,898	608,338	90,810	359,271	49,926	548,391	52,020	464,062	33,238	2,323,371	289,892	2,613,263
2031	352,755	54,452	623,811	75,336	369,530	39,668	562,283	38,128	476,878	20,422	2,385,257	228,006	2,613,263
2032	362,335	44,873	639,512	59,636	379,996	29,202	576,459	23,952	490,024	7,275	2,448,326	164,938	2,613,264
2033	372,429	34,778	655,946	43,202	390,931	18,267	591,131	9,281	-	-	2,010,437	105,528	2,115,965
2034	382,676	24,531	672,630	26,517	402,093	7,105	49,931	103	-	-	1,507,330	58,256	1,565,586
2035	393,204	14,003	689,739	9,408	34,020	79	-	-	-	-	1,116,963	23,490	1,140,453
2036	301,976	3,430	-	-	-	-	-	-	-	-	301,976	3,430	305,406
2037	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 4,667,287</u>	<u>\$ 931,811</u>	<u>\$ 7,745,388</u>	<u>\$ 1,343,530</u>	<u>\$ 4,186,012</u>	<u>\$ 758,461</u>	<u>\$ 5,805,211</u>	<u>\$ 849,347</u>	<u>\$ 4,347,934</u>	<u>\$ 625,065</u>	<u>\$ 26,751,832</u>	<u>\$ 4,508,214</u>	<u>\$ 31,260,046</u>

See notes to financial statements.