FORT VALLEY UTILITY COMMISSION
FORT VALLEY, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

Prepared By:
Finance Department
Stephanie Hall, Director, Financial Services

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July 17, 2026

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Fort Valley Utility Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of **Fort Valley Utility Commission** (the Commission) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of the Commission as of September 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Commission as of September 30, 2023 were audited by other auditors whose report dated August 26, 2025 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. 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 Commission 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Commission'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 Responsibility 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 opinion. 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 GAAS and *GAS* 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 GAAS and *GAS*, 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 Commission'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 Commission'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 schedule of changes in the net pension liability and related ratios, schedule of contributions, notes to required supplementary information, and the schedule of changes in the total other postemployment benefits (OPEB) liability and related ratios 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2026, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BASIC FINANCIAL STATEMENTS

FORT VALLY UTILITY COMMISSION
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 8,316,441**	$ 8,611,798
Investments	**5,413,735**	4,918,638
Receivables		
Accounts Receivable, Net		
Billed	**2,884,474**	2,320,295
Unbilled	**1,779,050**	1,850,120
Interest	**823**	319
Inventories	**1,001,769**	797,580
Prepaid Expenses	**145,537**	118,231
	19,541,829	18,616,981
Noncurrent Assets		
Restricted Assets		
Investments	**1,535,237**	1,424,783
Capital Assets		
Nondepreciable	**2,238,546**	1,734,702
Depreciable, Net	**43,625,165**	42,958,679
	47,398,948	46,118,164
Total Assets	**66,940,777**	64,735,145
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to OPEB	**10,599**	-
Deferred Outflows of Resources Related to Pensions	**731,216**	1,316,200
	$ 741,815	$ 1,316,200

See accompanying notes which are an integral part of these financial statements.

FORT VALLEY UTILITY COMMISSION
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

		2024		2023
Liabilities				
Current Liabilities				
Accounts Payable	$	1,639,108	$	1,662,164
Accrued Liabilities		273,981		142,237
Due to Other Governments		824,330		549,637
Compensated Absences		125,566		161,882
Leases		58,740		-
Notes Payable		234,728		170,448
Revenue Bonds Payable		43,494		42,630
		3,199,947		2,728,998
Noncurrent Liabilities				
Net Pension Liability		1,089,969		1,410,732
Customer Deposits		683,598		668,932
Compensated Absences		62,971		81,184
Total OPEB Liability		358,890		265,723
Leases		250,249		-
Notes Payable		2,722,443		2,808,591
Revenue Bonds Payable		2,238,385		2,281,879
		7,406,505		7,517,041
Total Liabilities		10,606,452		10,246,039
Deferred Inflows of Resources				
Deferred Inflows of Resources Related to Pensions		180,842		302,267
Net Position				
Net Investment in Capital Assets		40,315,672		39,389,833
Restricted for New Electric Generation		1,535,237		1,424,783
Restricted for Pledged Collateral - Construction Loan		-		1,379,141
Unrestricted		15,044,389		13,309,282
Total Net Position	$	56,895,298	$	55,503,039

See accompanying notes which are an integral part of these financial statements.

FORT VALLEY UTILITY COMMISSION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Operating Revenues		
Charges for Services	$ 24,054,353	$ 24,031,221
Other	499,006	262,797
Total Operating Revenues	24,553,359	24,294,018
Operating Expenses		
Personnel Services and Employee Benefits	5,579,507	4,929,965
Purchased and Contracted Services	3,752,332	3,996,557
Materials and Supplies	502,143	472,041
Repairs and Maintenance	984,431	839,966
Gas and Electric Purchased for Resale	11,098,768	12,101,869
Depreciation	1,708,089	1,520,318
Other Services and Charges	562,533	315,020
Total Operating Expenses	24,187,803	24,175,736
Operating Income	365,556	118,282
Nonoperating Revenues (Expenses)		
Interest Income	753,446	404,480
Intergovernmental	262,033	625,833
Gain on Disposal of Capital Assets	116,799	-
Interest and Fiscal Charges	(105,575)	(114,178)
Total Nonoperating Revenues (Expenses)	1,026,703	916,135
Change in Net Position	1,392,259	1,034,417
Net Position, Beginning of Year	55,503,039	54,468,622
Net Position, End of Year	$ 56,895,298	$ 55,503,039

See accompanying notes which are an integral part of these financial statements.

FORT VALLEY UTILITY COMMISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Cash Received from Customers	**$ 24,074,412**	$ 23,980,284
Cash Payments for Personnel Services	**(5,408,672)**	(4,856,890)
Cash Payments for Goods and Services	**(16,924,913)**	(17,325,575)
	1,740,827	1,797,819
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	**(2,435,949)**	(1,557,491)
Proceeds from Sale of Capital Assets	**112,954**	-
Capital Grants and Contributions	**-**	275,963
Interest Paid on Capital Debt	**(105,575)**	(114,178)
Proceeds from Issuance of Notes Payable	**484,627**	795,158
Principal Paid on Bonds and Notes Payable	**(240,136)**	(562,313)
	(2,184,079)	(1,162,861)
Cash Flows from Investing Activities		
Interest Received	**753,446**	404,658
Net Purchase of Investments	**(605,551)**	975,429
	147,895	1,380,087
Net Increase (Decrease) in Cash and Cash Equivalents	**(295,357)**	2,015,045
Cash and Cash Equivalents, Beginning of Year	**8,611,798**	1,741,576
Cash and Cash Equivalents, End of Year	**$ 8,316,441**	$ 3,756,621
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating Income	**$ 365,556**	$ 118,282
Provided by Operating Activities		
Depreciation	**1,708,089**	1,520,318
Increase in Accounts Receivable, Net	**(493,613)**	(19,026)
Increase in Inventories	**(204,189)**	(110,935)
Decrease in Prepaid Expenses	**(27,306)**	(7,084)
Increase in Deferred Outflows of Resources Related to Total OPEB Liability	**10,599**	-
Increase (Decrease) in Deferred Outflows of Resources Related to Pensions	**563,786**	(862,042)
Increase in Accounts Payable	**(199,648)**	(128)
Increase in Due to Other Government	**274,693**	172,923
Increase in Accrued Expenses	**131,744**	11,062
Increase in Customer Deposits	**14,666**	32,533
Decrease in Compensated Absences	**(54,529)**	18,006
Increase (Decrease) in Net Pension Liability	**(320,763)**	1,878,183
Increase in Total OPEB Liability	**93,167**	-
Decrease in Deferred Inflows of Resources Related to Pensions	**(121,425)**	(954,274)
	$ 1,740,827	$ 1,797,818
Noncash Capital Financing Activities		
Forgiveness of Note Payable	**$ 262,033**	$ 349,869

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

The financial statements of the Fort Valley Utility Commission (the Commission) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

Organization

The Commission was created in 1953 and operates under the direction of an eight-member board. Five members of the board are elected, two appointed by Peach County and 1 appointed by Crawford County. The Commission provides natural gas, electricity, water and sewage collection, and telecommunications services to the City of Fort Valley and unincorporated Peach County. The Commission also provides natural gas services to a portion of Crawford County and water services to a portion of Macon County. The Commission receives most of its operating revenues from sales of water, electricity, and natural gas.

Reporting Entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. GAAP. Component units generally are legally separate entities for which a primary government is financially accountable. There are no entities which meet the criteria for inclusion in the Commission's financial statements as component units.

Basic Financial Statements

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. A fund is a separate accounting entity with a self-balancing set of accounts.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this measurement focus, all assets and liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is segregated into net investment in capital assets, restricted and unrestricted.

(1) Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The financial records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred regardless of the timing of the related cash flows. The allowance method is used to estimate uncollectible accounts receivable. Unbilled user charges (revenues) are recorded at year-end.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for water, electricity, and natural gas sales and services. Operating expenses include the purchase of water, electricity, and natural gas for resale, costs to operate the various delivery systems, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the Commission considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit are carried at cost, which approximates fair value.

State statutes authorize the government to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated AA or better by Moody's Investors Services, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

The Commission invests in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia (MEAG), a governmental entity. The Commission is a beneficiary of this trust. The Municipal Competitive Trust permits investment of funds in direct obligations of the United State Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the Commission's position in the pool changes with market conditions and is calculated based on the fair value of net assets held in the pool at the close of each business day.

Receivables

Customer receivables represent various utility charges earned, billed, but not collected, at September 30, 2024 and 2023. Unbilled service receivables represent the estimated amount of accounts receivable for services that have not been billed as of the statement of net position date. The amounts are a result of a timing difference between the end of the financial statement cycle and the billing cycle. The receivables are reported net of an allowance for uncollectibles, where applicable.

(1) Summary of Significant Accounting Policies (Continued)

Inventories

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2024 and 2023, are recorded as prepaid items when material to the financial statements.

Capital Assets

Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Projects under construction, when completed and placed in service, are transferred from construction in progress to capital assets. Major additions are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed as incurred. The Commission has set its capitalization threshold at $5,000.

Upon disposal, the cost and related accumulated depreciation of capital assets are relieved from the accounts, and resulting gains or losses are reflected in income.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	50 Years
Natural Gas System	50 Years
Natural Gas Meters	40 Years
Natural Gas Equipment	5-20 Years
Electric System and Equipment	10-33 Years
Water System and Equipment	10-40 Years
Sewerage System and Equipment	10-40 Years
Fiber Optic System and Equipment	10-40 Years
Intangible Assets – Lease Assets - Vehicles	5 Years
Intangible Assets – Software and Other	10-15 Years

Capital Contributions

Capital contributions consist of capital grants or contributions from developers, customers, and governmental entities.

Compensated Absences

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

(1) Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has deferred outflows of resources related to other postemployment benefits (OPEB) and pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has deferred inflows of resources related to pensions.

Leases

The Commission is a lessee for several vehicles. The Commission recognizes a lease liability and an intangible right-to-use asset (lease asset). At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities in the statement of net position.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees' Benefit System (GMEBS) and additions to/deductions from GMEBS fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(1) Summary of Significant Accounting Policies (Continued)

Net Position

Net position is the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories. It is the Commission's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Commission reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2025, the Commission was not exposed to custodial credit risk.

Credit and Interest Rate Risk – Investments

In accordance with its financial policy, the Commission manages its exposure to the risk of declines in fair value by limiting the maturities of its investments to a maximum of two years. The Commission does not have a formal policy addressing credit risk.

As of September 30, 2024 and 2023, the Commission had the following investments:

2024		**Investment Maturities (in Years)**					
	Rating	**Less than 1**	**1 - 3**	**3 - 7**	**7 - 10**	**More Than 10**	**Total**
Certificate of Deposit	Not Rated	**$ 1,379,838**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,379,838**
Municipal Competitive Trust	Not Rated	**1,593,833**	**1,527,986**	**2,087,138**	**193,969**	**166,208**	**5,569,134**
		$ 2,973,671	**$ 1,527,986**	**$ 2,087,138**	**$ 193,969**	**$ 166,208**	**$ 6,948,972**

2023		**Investment Maturities (in Years)**					
	Rating	**Less than 1**	**1 - 3**	**3 - 7**	**7 - 10**	**More Than 10**	**Total**
Certificate of Deposit	Not Rated	$ 1,379,837	$ -	$ -	$ -	$ -	$ 1,379,837
Municipal Competitive Trust	Not Rated	1,067,744	1,745,997	1,922,889	218,964	7,990	4,963,584
		$ 2,447,581	$ 1,745,997	$ 1,922,889	$ 218,964	$ 7,990	$ 6,343,421

(2) Deposits and Investments (Continued)

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Authority has the ability to access.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset which are typically based on the Authority's own assumptions, as there is little, if any, related market activity.

The Authority's recurring fair value measurements at September 30, 2024 and 2023 are classified as follows:

2024		**Fair Value Measurement Using**		
	Total	**Level 1**	**Level 2**	**Level 3**
Certificate of Deposit	**$ 1,379,838**	**$ -**	**$ 1,379,838**	**$ -**
Municipal Competitive Trust	**5,569,134**	**1,035,100**	**4,534,034**	**-**
	$ 6,948,972	**$ 1,035,100**	**$ 5,913,872**	**$ -**

2023		**Fair Value Measurement Using**		
	Total	**Level 1**	**Level 2**	**Level 3**
Certificate of Deposit	$ 1,379,837	$ -	$ 1,379,837	$ -
Municipal Competitive Trust	4,963,584	1,792,408	3,171,176	-
	$ 6,343,421	$ 1,792,408	$ 4,551,013	$ -

(3) Accounts Receivable, Net

Accounts receivable represent amounts due from customers for water sales and related services. The balance outstanding at September 30, 2024 and 2023, on the accompanying statement of net position is net of an allowance for uncollectible accounts of $875,000 and $230,000. Included in accounts receivable are unbilled amounts of $1,779,050 and $1,850,120 as of September 30, 2024 and 2023, respectively.

(4) Restricted Assets

Restricted assets consist of investments held for generation and capacity funding in the amount of $1,535,237 and $1,424,783, as of September 30, 2024 and 2023, respectively.

(5) Capital Assets

Changes in capital assets by major classes for the year ended September 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 176,981	$ -	$ -	$ 176,981
Construction in Progress	1,557,721	652,321	(148,477)	2,061,565
	1,734,702	652,321	(148,477)	2,238,546
Capital Assets Being Depreciated				
Buildings	3,534,633	17,000	-	3,551,633
Distribution System	67,267,673	734,425	-	68,002,098
Machinery and Equipment	5,432,496	1,302,187	(741,179)	5,993,504
Intangible Assets				
Lease Assets - Vehicles	-	323,011	-	323,011
Software Assets and Other	512,977	23,825	(1,828)	534,974
	76,747,779	2,400,448	(743,007)	78,405,220
Less Accumulated Depreciation For				
Buildings	(526,349)	(85,690)	-	(612,039)
Distribution System	(28,331,101)	(1,510,688)	413,097	(29,428,692)
Machinery and Equipment	(4,566,332)	(78,256)	302,209	(4,342,379)
Intangible Assets				
Lease Assets - Vehicles	-	(15,706)	-	(15,706)
Software Assets and Other	(365,318)	(17,749)	1,828	(381,239)
	(33,789,100)	(1,708,089)	717,134	(34,780,055)
Total Capital Assets Being Depreciated, Net	42,958,679	692,359	(25,873)	43,625,165
	$ 44,693,381	$ 1,344,680	$ (174,350)	$ 45,863,711

(5) Capital Assets (Continued)

Changes in capital assets by major classes for the year ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 176,981	$ -	$ -	$ 176,981
Construction in Progress	5,742,470	1,187,356	(5,372,105)	1,557,721
	5,919,451	1,187,356	(5,372,105)	1,734,702
Capital Assets Being Depreciated and Amortized				
Buildings	3,534,633	-	-	3,534,633
Distribution System	61,533,420	5,734,253	-	67,267,673
Machinery and Equipment	5,074,639	357,857	-	5,432,496
Intangible Assets - Software and Other	512,977	-	-	512,977
	70,655,669	6,092,110	-	76,747,779
Less Accumulated Depreciation and Amortization For				
Buildings	(454,423)	(71,926)	-	(526,349)
Distribution System	(27,119,118)	(1,211,983)	-	(28,331,101)
Machinery and Equipment	(4,348,783)	(217,549)	-	(4,566,332)
Intangible Assets - Software and Other	(346,458)	(18,860)	-	(365,318)
	(32,268,782)	(1,520,318)	-	(33,789,100)
Total Capital Assets Being Depreciated and Amortized, Net	38,386,887	4,571,792	-	42,958,679
	$ 44,306,338	$ 5,759,148	$ (5,372,105)	$ 44,693,381

Depreciation expense of $1,708,089 and $1,520,318 was charged to operations for the years ended September 30, 2024 and 2023, respectively.

(6) Long-Term Debt

Changes in the Commission's long-term debt for the years ended September 30, 2024 and 2023 were as follows:

2024	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Due Within One Year**
Leases	**$ -**	**$ 322,265**	**$ (13,276)**	**$ 308,989**	**$ 58,740**
Notes Payable - GEFA	**2,979,039**	**424,395**	**(446,263)**	**2,957,171**	**234,728**
Bonds Payable	**2,324,509**	**-**	**(42,630)**	**2,281,879**	**43,494**
Accrued Compensated Absences	**243,066**	**-**	**(54,529)**	**188,537**	**125,566**
Total OPEB Liability	**265,723**	**93,167**	**-**	**358,890**	**N/A**
Net Pension Liability	**1,410,732**	**-**	**(320,763)**	**1,089,969**	**N/A**
	$ 7,223,069	**$ 839,827**	**$ (877,461)**	**$ 7,185,435**	**$ 462,528**

2023	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Due Within**
Notes Payable - GEFA	$ 2,704,193	$ 795,157	$ (520,311)	$ 2,979,039	$ 170,448
Bonds Payable	2,366,510	-	(42,001)	2,324,509	42,630
Accrued Compensated Absences	225,060	225,791	(207,785)	243,066	161,882
Total OPEB Liability	265,723	-	-	265,723	N/A
Net Pension Liability	(467,451)	1,878,183	-	1,410,732	N/A
	$ 5,094,035	$ 2,899,131	$ (770,097)	$ 7,223,069	$ 374,960

Leases

In July 2024, the Commission entered into a five-year lease for several vehicles. An initial lease liability was recorded in the amount of $322,265. As of September 30, 2024, the value of the lease liability was $308,989. The Commission is required to make monthly principal and interest payments of $6,056. The lease has an interest rate of 5.0 percent.

The future principal and interest lease payments as of September 30, 2024 were as follows:

Year	**Principal**	**Interest**	**Total**
2025	$ 58,740	$ 14,003	$ 72,743
2026	61,674	11,001	72,675
2027	64,830	7,846	72,676
2028	68,146	4,529	72,675
2029	55,599	1,118	56,717
	$ 308,989	$ 38,497	$ 347,486

(6) Long-term Debt (Continued)

Notes Payable

The Commission has incurred debt to the Georgia Environmental Facilities Agency (GEFA) for construction of various water and sewer projects. These notes as of September 30, 2024 and 2023, are as follows:

Origination	Interest Rate	Term	Due Date	2024	2023
2007	4.12%	20 Years	January 1, 2029	**$ 245,764**	$ 296,612
2007	1.90%	20 Years	September 1, 2028	**72,899**	90,277
2008	4.10%	20 Years	August 1, 2030	**225,184**	258,142
2016	1.03%	20 Years	November 1, 2037	**681,194**	729,284
2017	1.89%	20 Years	March 1, 2038	**336,262**	357,924
2021	1.94%	20 Years	July 1, 2044	**1,311,548**	1,158,210
2008	1.94%	20 Years	April 1, 2041	**84,320**	88,589

The loan agreements require, among other things, the maintenance of a minimum fixed charge coverage ratio as defined in the agreements. At September 30, 2024 and 2023, the Commission was in compliance with this requirement.

Payments of principal and interest on the notes for each of the next five years and until maturity are as follows:

Year	Principal	Interest	Total
2025	$ 234,728	$ 58,451	$ 293,179
2026	240,794	50,436	291,230
2027	247,075	46,105	293,180
2028	253,523	39,639	293,162
2029	199,076	33,471	232,547
2030-2034	764,189	121,441	885,630
2035-2039	641,041	61,408	702,449
2040-2041	310,931	17,359	328,290
2042	65,814	587	66,401
	$ 2,957,171	$ 428,897	$ 3,386,068

Bonds Payable

During fiscal year 2022, the Utility Commission issued a utility revenue bond to the United States Department of Agriculture, Series 2022A, in the amount of $2,387,000 and an interest rate of 1.75 percent. This bond was used to pay off the revenue bond, Series 2020A, issued to Synovus Bank on October 21, 2020. Payments of $6,923 are made monthly with a final maturity date of March 25, 2062.

(6) Long-term Debt (Continued)

Bonds Payable (Continued)

The annual requirements to amortize the outstanding bonds as of September 30, 2024, including interest, are as follows:

Year	Principal	Interest	Total
2025	$ 43,494	$ 39,582	$ 83,076
2026	44,261	38,815	83,076
2027	45,042	38,034	83,076
2028	45,733	37,343	83,076
2029	46,643	36,433	83,076
2030-2034	245,756	169,624	415,380
2035-2039	268,220	147,160	415,380
2040-2044	292,676	122,704	415,380
2045-2049	319,508	95,872	415,380
2050-2054	348,715	66,665	415,380
2055-2059	380,592	34,788	415,380
2060-2064	201,239	4,542	205,781
	$ 2,281,879	$ 831,562	$ 3,113,441

(7) Pension Plan

Plan Description

The Utility Commission's defined benefit pension plan, the Fort Valley Utility Commission Retirement Plan (the Plan), provides retirement, disability, and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The authority for establishing and amending benefits rests with the Utility Commission's Board of Commissioners. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The report may be obtained from: Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Eligibility requirements are one year of service for all employees. The Plan allows for early retirement at age 55 if the employee has ten years of service. Normal retirement is at age 65 with five years of service. Benefits are dependent upon factors such as the number of years of credited service to the Utility Commission and the employee's final average earnings. Beginning January 1, 2003, employees' benefits vest at 50 percent after five years and 10 percent of additional vesting takes place each year thereafter until reaching 100 percent after ten years of service.

(7) Pension Plan (Continued)

Plan Description (Continued)

The plan had the following participants as of September 30:

	2024	2023
Active Employees	**55**	48
Vested Former Employees	**23**	21
Retired Participants of Beneficiaries Currently Receiving Benefits	**36**	37
	114	106

Contributions

Required contributions are determined by the GMEBS based on actuarial calculations performed 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 an additional amount to finance any unfunded accrued liability. The Commission's recommended contribution rate for the years ended September 30, 2024 and 2023, was 7.41 percent and 7.34 percent of covered payroll, respectively. The Commission's contributions to the plan for the years ended September 30, 2024 and 2023, were $202,396 and $257,726, respectively. Participants in the plan are not required to contribute.

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

At September 30, 2024 and 2023, the Commission reported a liability of $1,089,969 and $1,410,732, respectively. The net pension liability was measured as of September 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the years ended September 30, 2024 and 2023, the Commission recognized pension expense of $539,595 and $(146,876), respectively.

At September 30, 2024 and 2023, the Commission had deferred outflows of resources and reported deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions After Measurement Date	**$ 166,098**	**$ -**	$ 202,396	$ -
Differences Between Expected and Actual Experience	**153,424**	**180,842**	51,080	302,267
Net Difference Between Projected and Actual Earnings	**411,694**	**-**	1,062,724	-
	$ 731,216	**$ 180,842**	$ 1,316,200	$ 302,267

(7) Pension Plan (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Commission contributions of $166,098 after the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending September 30:

Year	Amount
2025	$ 27,830
2026	38,790
2027	422,785
2028	(105,129)
	$ 384,276

Actuarial Assumptions

The methods and assumptions used in the January 1, 2024 and 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted in December 2019. The actuarial assumptions, applied to all periods included in the measurement, are as follows:

Inflation	2.25 %
Salary Increases	2.25
Net Investment Rate of Return	7.375

Mortality rates were based on the following:

Healthy retirees and beneficiaries:	Sex-distinct Pri-2012 head-count Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled participants:	Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Active participants, terminated vested participants, and deferred beneficiaries:	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table

(7) Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.91%
International Equity	20	7.21
Real Estate	10	3.61
Global Fixed Income	5	1.67
Domestic Fixed Income	20	1.61
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined recommended rates.

(7) Pension Plan (Continued)

Changes in Net Pension Liability

Changes in the Commission's net pension liability for the years ended September 30, 2024 and 2023 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, September 30, 2023	$ 9,824,828	$ 8,414,096	$ 1,410,732
Changes for the Year			
Service Cost	112,333	-	112,333
Interest	709,472	-	709,472
Difference Between Expected and Actual Experience	170,512	-	170,512
Contributions - Employer	-	202,396	(202,396)
Net Investment Income	-	1,129,559	(1,129,559)
Benefit Payments Including Refunds of Employee Contributions	(634,416)	(634,416)	-
Administrative Expense	-	(18,875)	18,875
	357,901	678,664	(320,763)
Balance, September 30, 2024	**$ 10,182,729**	**$ 9,092,760**	**$ 1,089,969**

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, September 30, 2022	$ 10,009,189	$ 10,476,640	$ (467,451)
Changes for the Year			
Service Cost	90,626	-	90,626
Interest	721,455	-	721,455
Difference Between Expected and Actual Experience	(361,683)	-	(361,683)
Contributions - Employer	-	257,726	(257,726)
Net Investment Income	-	(1,668,315)	1,668,315
Benefit Payments Including Refunds of Employee Contributions	(634,759)	(634,759)	-
Administrative Expense	-	(17,196)	17,196
	(184,361)	(2,062,544)	1,878,183
Balance, September 30, 2023	$ 9,824,828	$ 8,414,096	$ 1,410,732

(7) Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.375 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.375 percent) or one-percentage-point higher (8.375 percent) than the current rate:

		Net Pension Liability	
		September 30,	
	Discount Rate	**2024**	2023
One Percent Decrease	6.375%	**$ 2,176,454**	$2,469,134
Current Discount Rate	7.375%	**1,089,969**	1,410,732
One Percent Increase	8.375%	**165,061**	511,164

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued GMEBS financial report. That report may be obtained by writing to the Georgia Municipal Association or by calling (404) 688-0472.

(8) Other Postemployment Benefits (OPEB)

Plan Description

The Commission administers a single-employer, defined benefit OPEB plan that provides a lump-sum death benefit to eligible retirees. The Commission has not elected to advance fund the plan but rather maintains the plan on a "pay-as-you-go" basis, in that benefits are paid as they arise, rather than establishing an irrevocable trust to accumulated restricted funds. The Commission, in its role as the plan sponsor, has the governing authority to establish and amend from time to time the benefits provided. There are no separately issued financial statements related to the Commission's OPEB plan.

Under the plan, the Commission provides life insurance benefits equal to three months of final salary.

Eligibility

Eligible participants to the plan include:

- Employees retired on or after age 55 with a minimum of 10 years of service,
- Employees retired on or after age 65 with a minimum of 5 years of service,
- Employees must be receiving a pension under the defined benefit pension plan.

(8) Other Postemployment Benefits (OPEB) (Continued)

Plan Membership

As of January 1, the actuarial valuation date, plan membership included the following categories of participants:

	2024	2023
Retirees	**23**	23
Active Participants	**48**	48
	71	71

Total OPEB Liability

The Commission's total OPEB liability was $358,890 and 265,723, as measured as of September 30, 2024 and 2023. The liability was determined by actuarial valuations as of January 1, 2024 and 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Inflation rate	2.25 percent
Salary increases, including wage inflation	3 percent to 8.50 percent
Discount rate	3.81 percent for 2024 and 4.09 percent for 2023 based on an index of 20-year, tax-exempt general obligation bonds
Mortality – healthy retirees	Sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Mortality – disabled retirees	Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Mortality – actives	Sex-distinct Pri-2012 headcount weighted Employee Mortality Table
Disability rates before retirement	0.02 percent to 0.33 percent based on age and sex
Termination rates before retirement	4.5 percent to 26.5 percent based on years of service

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the Commission for the years ended September 30 were as follows:

	2024	2023
Balance, Beginning	**$ 336,130**	$ -
Service Cost	**6,695**	-
Interest	**13,782**	-
Change in Benefit Terms	**-**	265,723
Assumption Changes	**14,130**	-
Benefit Payments	**(11,847)**	-
Balance, Ending	**$ 358,890**	$ 265,723

(8) Other Postemployment Benefits (OPEB) (Continued)

Sensitivity for the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate	Total OPEB Liability September 30, 2024	2023
One Percent Decrease	2.81%	**$ 417,270**	$ -
Current Discount Rate	3.81%	**358,890**	265,723
One Percent Increase	4.81%	**312,148**	-

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the years ended September 30, 2024 and 2023, the Commission recognized OPEB expense of $93,167 and $-0-, respectively. At September 30, 2024, the Commission reported deferred outflows of resources related to OPEB due to change in assumptions in the amount of $10,599. There were no deferred outflows or inflows of resources related to OPEB as of September 30, 2023.

Amounts reported as deferred outflows and inflows will be recognized in OPEB expense as follows:

Year	Amount
2025	$ 3,533
2026	3,533
2027	3,533
	$ 10,599

(9) Commitments and Contingencies

Electric Power Contract

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

MEAG has issued bonds for the purpose of building generation, transmission, and telecommunications facilities. Each participant, such as the Commission, is contingently liable for their pro-rata share of the bonds as a power purchase cost until they are retired. The Commission's contingent contractual obligation varies by individual MEAG project and totaled $83,765,417 at September 30, 2024 and $84,572,539 at September 30, 2023. The contingent obligations are general obligations of the Commission.

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

The flexible operating trust account includes funds that are available for withdrawal at the discretion of the Commission. This amount is included in investments and totals $4,033,898 at September 30, 2024 and $3,539,497 at September 30, 2023. The two additional accounts created were the credit support operating trust account and the reserve funded debt trust account. The funds in the credit support operating trust account can only be used to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs.

In accordance with the Second Amendment of the Municipal Competitive Trust, effective August 10, 2009, MEAG Power amended the restrictions and broadened the circumstances under which a Participant may withdraw funds from the New Generation Trust, which was established earlier in 2009 to provide for the future funding of the construction of new power generation facilities, including, but not limited to the Plant Vogtle expansion project. The voluntary funding of the New Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account is displayed as a restricted investment asset in the statement of net position. The amounts were $1,535,237 for 2024 and $1,424,783 for 2023.

Gas Supply Contract

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

(9) Commitments and Contingencies (Continued)

Gas Supply Contract (Continued)

The contingent obligations, which extend through the year 2058, are general obligations of the Commission. The obligation to MGAG for gas supply costs is based on MGAG's costs to provide such supply, including bonds issued to purchase long-term gas supplies.

The Commission is contingently liable for their pro-rata share of the debt. The Commission's contingent contractual obligation total is approximately $1,376,191 at September 30, 2024 and $1,241,667 at September 30, 2023. On December 12, 2002, an intergovernmental agreement was made between the Commission and the City of Fort Valley related to the MGAG contract. Under this agreement, in the event of any required payments pursuant to the provisions of the Gas Supply Contract the payments shall be made first by the Commission from its revenues and assets before any required payments are made by the City of Fort Valley.

Payment in Lieu of Franchise Fees

City of Fort Valley Payment In lieu of Franchise Fees (PILOFF) – House Bill 685 codified a fixed sum monthly payment in lieu of franchise fees that the City may use for general fund purposes. The Commission shall annually pay to the City, in lieu of franchise fees, the greater of $1.25 million or 6.0 percent of all revenue collected for charges for services for the year, to be paid in twelve monthly installments of $104,165 on or before the 15th day of each month, with a final payment due, if required, within 90 days of the completion of the Commission's annual financial report for the subject year.

(10) Risk Management

The Commission is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Commission carries commercial insurance to cover such risks. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

(11) Subsequent Events

On December 12, 2025, the Commission borrowed $7.5 million from Peach County, Georgia to provide funds for services related to and construction of water system infrastructure. The loan bears interest a rate of 5.50 percent and matures on January 31, 2027, at which time all principal and accrued interest is due.

On April 1, 2026, the Commission issued $7,051,037 Fort Valley Utility Commission Utility Revenue Bond (Bagley Expansion Project), Series 2026 to finance gas system improvements. The bond bears interest at a rate of 4.98 percent and matures on April 1, 2046.

REQUIRED SUPPLEMENTARY INFORMATION

FORT VALLEY UTILITY COMMISSION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED SEPTEMBER 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability									
Service Cost	**$ 112,333**	$ 90,626	$ 105,654	$ 105,290	$ 103,115	$ 113,091	$ 112,839	$ 109,755	$ 119,251
Interest	**709,472**	721,455	699,958	690,893	650,367	651,391	636,872	598,733	582,211
Differences Between Expected and Actual Experience	**170,512**	(361,683)	102,458	(124,014)	(92,826)	(227,170)	19,441	238,247	(170,715)
Changes in Assumptions	**-**	-	-	-	561,918	-	-	-	-
Benefit Payments	**(634,416)**	(634,759)	(567,754)	(531,499)	(525,039)	(556,920)	(550,465)	(358,774)	(276,361)
Other	**-**	-	-	-	-	-	138,956	-	-
Net Change in Total Pension Liability	**357,901**	(184,361)	340,316	140,670	697,535	(19,608)	357,643	587,961	254,386
Total Pension Liability - Beginning	**9,824,828**	10,009,189	9,669,173	9,528,503	8,830,968	8,850,576	8,492,933	7,904,972	7,650,589
Total Pension Liability - Ending	**$ 10,182,729**	$ 9,824,828	$ 10,009,489	$ 9,669,173	$ 9,528,503	$ 8,830,968	$ 8,850,576	$ 8,492,933	$ 7,904,975
Plan Fiduciary Net Position									
Contributions - Employer	**$ 202,396**	$ 257,726	$ 245,456	$ 200,333	$ 263,504	$ 254,108	$ 200,520	$ 255,122	$ 300,029
Net Investment Income	**1,129,559**	(1,668,315)	2,098,342	780,838	237,653	769,539	1,056,958	730,391	73,390
Benefit Payments	**(634,416)**	(634,759)	(567,754)	(531,499)	(525,039)	(556,920)	(550,465)	(358,774)	(276,361)
Administrative Expense	**(18,875)**	(17,196)	(18,684)	(18,034)	(16,150)	(17,358)	(18,158)	(10,059)	(11,662)
Net Change in Plan Fiduciary Net Position	**678,664**	(2,062,544)	1,757,360	431,638	(40,032)	449,369	688,855	616,680	85,396
Total Plan Fiduciary Net Position - Beginning	**8,414,096**	10,476,640	8,719,280	8,287,642	8,327,674	7,878,305	7,189,450	6,572,770	6,487,374
Total Plan Fiduciary Net Position - Ending	**$ 9,092,760**	$ 8,414,096	$ 10,476,640	$ 8,719,280	$ 8,287,642	$ 8,327,674	$ 7,878,305	$ 7,189,450	$ 6,572,770
Net Pension Liability									
Net Pension Liability - Ending	**$ 1,089,969**	$ 1,410,732	$ (467,151)	$ 949,893	$ 1,240,861	$ 503,294	$ 972,271	$ 1,303,483	$ 1,332,205
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	**89.30%**	85.64%	104.67%	90.18%	86.98%	94.30%	89.01%	84.65%	83.15%
Covered Payroll	**$ 3,038,698**	$ 2,634,550	$ 2,270,917	$ 2,524,936	$ 2,591,017	$ 2,850,874	$ 2,819,279	$ 2,951,168	$ 3,044,224
Net Pension Liability as a Percentage of Covered Payroll	**35.87%**	53.55%	-20.57%	37.62%	47.89%	17.65%	34.49%	44.17%	43.76%

This schedule will present 10 years of information once it is accumulated.

FORT VALLEY UTILITY COMMISSION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-Determined Contribution	**$ 196,677**	$ 202,396	$ 237,058	$ 248,019	$ 217,263	$ 263,504	$ 235,879	$ 218,749	$ 255,122
Contributions in Relation to the Actuarially-Determined Contribution	**166,098**	202,396	257,726	245,456	200,333	200,333	254,108	200,520	255,122
Contribution Deficiency (Excess)	**30,579**	-	(20,668)	2,563	16,930	63,171	(18,229)	18,229	-
Covered Payroll	**3,038,698**	2,634,550	2,797,988	2,847,138	2,959,817	2,959,817	2,880,335	2,951,168	3,044,224
Contributions as a Percentage of Covered Payroll	**5.47%**	7.68%	9.21%	8.62%	6.77%	6.77%	8.82%	6.79%	8.38%

This schedule will present 10 years of information once it is accumulated.

Notes to Required Supplementary Information

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ended September 30, 2024.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for Remaining Unfunded Liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20 percent of market value.
Actuarial Assumptions	
Net Investment Rate of Return	7.375 Percent
Projected Salary Increases	2.25 Percent Plus Service-Based Merit Increases
Cost of Living Adjustments	0.00 Percent

FORT VALLEY UTILITY COMMISSION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEARS ENDED SEPTEMBER 30

	2024	2023
Total OPEB Liability		
Service Cost	$ 6,695	$ -
Interest	13,782	-
Change in Benefit Terms	-	265,723
Differences Between Expected and Actual Experience	-	-
Changes in Assumptions	14,130	-
Benefit Payments	(11,847)	-
Other	-	-
Net Change in Total OPEB Liability	22,760	265,723
Total OPEB Liability - Beginning	336,130	-
Total OPEB Liability - Ending	$ 358,890	$ 265,723
Covered Payroll	$ 3,038,698	$ 2,634,550
Total OPEB Liability as a Percentage of Covered Employee Payroll	11.81%	10.09%

Notes to the Schedule:

This schedule will present 10 years of information once it is accumulated.

The Commission is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

Amounts reported for the fiscal year ended September 30, 2023 and later reflect assumption changes based on an actuarial study conducted in November and December 2019. This study recommended changes in mortality tables, retirement rates, and inflation rate changes from 2.75 percent to 2.25 percent. In 2024, the discount rate also decreased from 4.09 percent to 3.81 percent.

INTERNAL CONTROL AND COMPLIANCE SECTION

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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July 17, 2026

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

The Board of Directors
Fort Valley Utility Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities of **Fort Valley Utility Commission** (the Commission), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated July 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Fort Valley Utility Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

FORT VALLEY UTILITYCOMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2024-001 – Allowance for Uncollectible Accounts

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting to ensure that accounting estimates, including the allowance for uncollectible accounts, are reasonable, supportable, and prepared in accordance with the applicable accounting framework (U.S. GAAP). This includes implementing controls to ensure estimates are based on relevant historical data, current conditions, and reasonable assumptions, and that they are reviewed at period end for completeness and accuracy.

Condition/Context: Management recorded charge-offs of accounts determined to be uncollectible during fiscal year 2025. The subsequent charge-offs and increase in aged accounts receivable indicated that the allowance for uncollectible accounts was understated as of September 30, 2024. As a result, an audit adjustment was required to increase the allowance to an appropriate level.

Effect: While the financial statements were ultimately presented fairly in all material respects after the recorded audit adjustment, there is an increased risk that future financial statements could be misstated if controls over the allowance estimation process are not strengthened.

Cause: Management did not have a robust, consistently applied methodology or documented review process to ensure all relevant qualitative and quantitative factors were adequately considered in the year-end allowance calculation.

Recommendation: The Commission should enhance controls over the allowance estimation process by developing and documenting a formal methodology that incorporates historical experience, current conditions, and reasonable assumptions.

Response: The Commission agrees with this finding.