

**CITY OF
TALLULAH, LOUISIANA**

Annual Financial Statements

As of and for the Year Ended June 30, 2022



CITY OF TALLULAH, LOUISIANA

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Independent Auditor’s Report

The Honorable Charles Finlayson, Mayor
and Members of the City Council
City of Tallulah, Louisiana

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City’s primary government as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the City of Tallulah, Louisiana, as of June 30, 2022, or the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City’s legally separate component unit - the Tallulah Housing Authority. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City’s primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit are not reasonably obtainable.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Tallulah, Louisiana, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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*, 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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 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 GAAS and *Government 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 GAAS and *Government 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, the schedule of employer's proportionate share of the net pension liability (Exhibit 1-1), the schedule of employer contributions to pension plan (Exhibit 1-2), and the budgetary comparison schedules (Exhibits 2-1 and 2-2), 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information listed in the table of contents as other supplementary information (Exhibits 3 through 9) is presented for purposes of additional analysis and is not a required part of the City's basic financial statements.

The combining nonmajor governmental fund financial statements (Exhibits 3 and 4), comparative information required by bond covenant with the U.S. Department of Agriculture (Exhibit 5), the schedule of compensation, benefits, and other payments to agency head (Exhibit 6), the financial data schedules as required by the Department of Housing and Urban Development (Exhibit 7), the justice system funding schedule - collecting/disbursing entity, and the justice system funding schedule - receiving entity as required by Act 87 (Exhibits 8 and 9) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 City'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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
December 20, 2022

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REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Our discussion and analysis of the City of Tallulah's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022.

This report presents the financial information of the City's activity of the primary government and does not include the discretely presented component unit, Tallulah Housing Authority. The Housing Authority's report can be obtained by contacting the City of Tallulah at 204 North Cedar, Tallulah, Louisiana 71282.

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

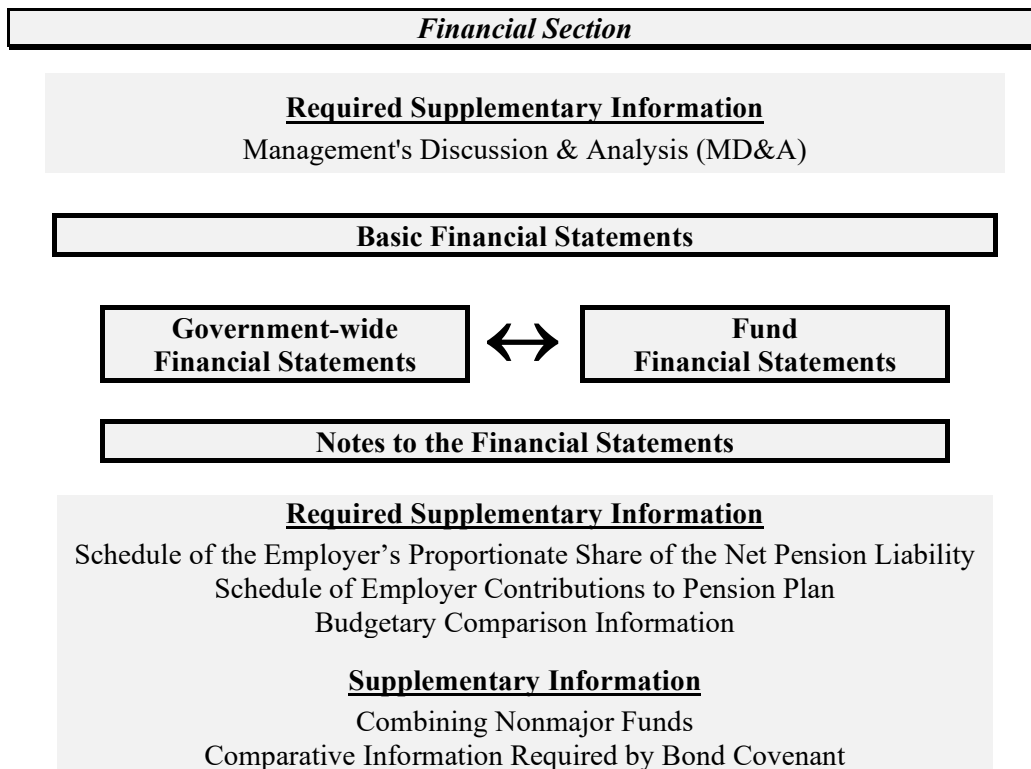
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7.6 million (net position) for the government as a whole. Of this amount, \$1.5 million represents unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased \$327 thousand. The main reason for this increase is due a \$370 thousand increase in capital grants. In the current fiscal year, the City's governmental activities received \$38 thousand for the purchase of a dump truck and the business-type activities received \$466 thousand for water and sewer construction projects. Expenses increased \$156 thousand mainly due to spending more on street maintenance and repairs in the current fiscal year in comparison with prior year. Governmental activities' net position increased \$16 thousand and the business-type activities' net position increased \$311 thousand.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1.5 million, a decrease of \$30 thousand in comparison with the prior year. Approximately 85% of this amount (\$1.3 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year, unassigned fund balance of the general fund was \$1.3 million, or approximately 36% of total general fund expenditures.
- The City's total long-term debt decreased \$314 thousand. In the current fiscal year, the City's governmental activities issued \$323 thousand in a loans payable to purchase a used fire truck for \$83 thousand and to refinance \$240 thousand of the outstanding fire truck loans payable, and paid \$56 thousand in principal payments. The business-type activities refunded \$7.1 million in Water Revenue Bond, Series 2012 and Series 2016 by issuing \$7.1 million in Water Revenue Refunding Bonds, Series 2021, purchased a new excavator with the issuance of a \$83 thousand Sewer loans payable, and paid \$345 thousand in principal payments. The liability accrued for compensated absences increased \$7 thousand.

USING THIS ANNUAL REPORT

The City's annual report consists of a series of financial statements that show information for the City as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the City's overall financial health. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds - General Fund, Section 8 Fund, and American Rescue Fund.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

The following chart reflects the information included in this annual report.



Our auditor will provide assurance in the independent auditor's report, which will be located immediately preceding the Management's Discussion and Analysis in the audited financial report, that the basic financial statements are fairly stated. Varying degrees of assurance will be provided by the auditor regarding the required supplementary information, and the supplementary information identified above.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information about the City as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by 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* - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as reported in the Statement of Net Position - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position as reported in the Statement of Activities are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the City's *operating results*. However, the City's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider other non-financial factors, such as the quality of police and fire protection, the conditions of the City's roads, and the quality of water, sewer and sanitation systems to assess the *overall health* of the City.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

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 the police, fire, street and general administration. Property taxes, franchise fees, licenses and fees, fines and forfeitures, and state and federal grants finance most of these activities.

Business-type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The City's fund financial statements provide detailed information about the most significant funds but not the City as a whole. Some funds are required to be established by State law. However, the City establishes other funds to help it control and manage money for particular purposes (like the capital project fund) 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 - Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They 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 operations and the 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 the reconciliations (Statements D and F).

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 utility enterprise funds (a component of proprietary funds) are the same as business-type activities we report in the government-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$7.6 million, at the close of the most recent fiscal year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Table 1
Net Position
(In Thousands)
June 30,

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 3,011	\$ 1,727	\$ 701	\$ 682	\$ 3,712	\$ 2,409
Restricted assets	4	7	1,492	1,444	1,496	1,451
Capital assets	1,765	1,787	12,667	12,955	14,432	14,742
Total assets	<u>4,780</u>	<u>3,521</u>	<u>14,860</u>	<u>15,081</u>	<u>19,640</u>	<u>18,602</u>
Total deferred outflows of resources	44	127	-	-	44	127
Liabilities						
Current and other liabilities	1,461	197	388	574	1,849	771
Long-term liabilities	557	682	9,479	9,825	10,036	10,507
Total liabilities	<u>2,018</u>	<u>879</u>	<u>9,867</u>	<u>10,399</u>	<u>11,885</u>	<u>11,278</u>
Total deferred inflows of resources	201	180	-	-	201	180
Net Position						
Net investment in capital assets	1,368	1,417	3,200	3,139	4,568	4,556
Restricted	227	227	1,329	1,189	1,556	1,416
Unrestricted	1,010	945	464	354	1,474	1,299
Total net position	<u>\$ 2,605</u>	<u>\$ 2,589</u>	<u>\$ 4,993</u>	<u>\$ 4,682</u>	<u>\$ 7,598</u>	<u>\$ 7,271</u>

By far, the largest portion of the City's net position (60%) reflects its investment in capital assets (e.g., land, construction in process, infrastructure, building and improvements, furniture and equipment, water and sewer plant and systems, and transmission lines), less depreciation expense and any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1.5 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The overall net position increased \$327 thousand from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Table 2
Changes in Net Position
(In Thousands)
For the Years Ended June 30,

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 321	\$ 295	\$ 2,764	\$ 2,978	\$ 3,085	\$ 3,273
Operating grants and contributions	357	512	45	100	402	612
Capital grants and contributions	38	-	466	134	504	134
General revenues						
Property taxes	606	617	-	-	606	617
Sales tax	1,739	1,769	-	-	1,739	1,769
Other taxes, penalties and interest	333	306	-	-	333	306
License and permits	69	93	-	-	69	93
Grants and contributions not restricted to a program	205	189	-	-	205	189
Earnings on investments	1	-	-	-	1	-
Miscellaneous	45	45	19	20	64	65
Total Revenues	3,714	3,826	3,294	3,232	7,008	7,058
Functions/Program Expenses:						
Governmental activities						
General and administrative	748	752	-	-	748	752
Police department	827	808	-	-	827	808
Fire department	511	477	-	-	511	477
Street department	992	798	-	-	992	798
Health and welfare	196	205	-	-	196	205
Culture and recreation	112	138	-	-	112	138
Legislative	66	61	-	-	66	61
Transportation	55	49	-	-	55	49
Interest expense	16	21	-	-	16	21
Business-type activities						
Water enterprise	-	-	2,219	2,192	2,219	2,192
Sewer enterprise	-	-	939	1,024	939	1,024
Total Functions/Program Expenses	3,523	3,309	3,158	3,216	6,681	6,525
Increase (decrease) in net position before transfers	191	517	136	16	327	533
Transfers	(175)	-	175	-	-	-
Increase (decrease) in net position	16	517	311	16	327	533
Net position - beginning	2,589	2,072	4,682	4,666	7,271	6,738
Net position - ending	\$ 2,605	\$ 2,589	\$ 4,993	\$ 4,682	\$ 7,598	\$ 7,271

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Governmental Activities

During the current fiscal year, net position of governmental activities increased \$16 thousand from the prior fiscal year for an ending balance of \$2.6 million. Governmental activities' revenues received for the current fiscal year decreased \$112 thousand mainly due to the decrease in operating grants and contributions (\$155 thousand) offset by an increase in capital grants and contributions (\$38 thousand). In prior year, the City received \$164 thousand from CARES Act for eligible expenses related to the COVID-19 pandemic and a \$74 thousand USDA grant to fund a marketable and feasibility study for a proposed industrial parkway project. The current year increase in capital grants and contributions is from a \$38 thousand grant received for the purchase of a new dump truck.

Governmental activities expenses for 2022 and 2021 were \$3.5 million and \$3.3 million, respectively. Police department (\$19 thousand), fire department (\$34 thousand), street department (\$194 thousand), legislative (\$5 thousand), and transportation (\$6 thousand) expenses increased, while the expenses of general and administrative (\$4 thousand), health and welfare (\$9 thousand), culture and recreation (\$26 thousand), and interest (\$5 thousand) decreased. The increase in street department is due to the increase in street repairs and maintenance. During the current fiscal year, the governmental activities transferred to the business activities \$175,000 to cover the water fund's cash shortfall.

As discussed above, the cost of all governmental activities this year was \$3.5 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.8 million because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of the City's governmental activities as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Governmental Activities
(In Thousands)
For the Years Ended June 30,

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2022	2021	2022	2021
Governmental activities				
General and administrative	\$ 748	\$ 752	\$ 664	\$ 609
Police department	827	808	572	455
Fire department	511	477	446	400
Street department	992	798	948	792
Health and welfare	196	205	(15)	(22)
Culture and recreation	112	138	56	138
Legislative	66	61	66	61
Transportation	55	49	55	49
Interest expense	16	21	16	21
Total functions/program expenses	<u>\$ 3,523</u>	<u>\$ 3,309</u>	<u>\$ 2,808</u>	<u>\$ 2,503</u>

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Business-type Activities

The net position of the business-type activities increased \$311 thousand from the prior fiscal year for an ending balance of \$5.0 million.

Revenue of the City's business-type activities (see Table 2) for June 30, 2022 was \$3.3 million. This is an increase of \$62 thousand from 2021 to 2022. Capital grants and contributions increased \$332 thousand, while charges for services decreased \$214 thousand and operating grants and contributions decreased \$55 thousand. In the current fiscal year, the City received \$466 thousand in federal and state grants for capital improvements to its water and sewer systems.

Expenses for the year ended June 30, 2022 were \$3.2 million for the City's business-type activities, a decrease of \$58 thousand from the amount reported in 2021. The primary reasons for this change is due to a decrease in depreciation (\$205 thousand) expenses offset by an increase in professional services expenses (\$194 thousand).

THE CITY'S FUNDS

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$1.5 million, which is a decrease of \$30 thousand in fund balance from last year.

The General Fund's fund balance decreased \$30 thousand from the \$1.3 million reported in the prior fiscal year to \$1.3 million. Revenues decreased \$273 thousand mainly due to the decrease in intergovernmental grants. The general fund's expenditures increased \$590 thousand due to increases in the police department (\$100 thousand), fire department (\$24 thousand), street department (\$104 thousand), legislative (\$5 thousand), transportation (\$6 thousand), capital outlay (\$184 thousand) and debt service principal retirement (\$217 thousand) while expenses decreased for general administration (\$8 thousand), health and welfare (\$2 thousand), culture and recreations (\$35 thousand), and debt service interest (\$5 thousand). During the current fiscal year, the City purchased a new truck for the police chief, refinanced the existing fire truck and purchased a used fire truck with the loan proceeds, and purchased a used dump truck for the street department.

The Section 8 Fund's fund balance decreased \$7 thousand for an ending fund balance of \$41 thousand. HUD funding decreased \$5 thousand. In prior year, the City received \$27 thousand in CARES Act grants. Expenditures decreased from \$226 thousand to \$218 thousand mainly due to the expending of the CARES Act grant funding in prior year.

The American Rescue fund accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021. As of June 30, 2022, the City has received and deferred \$1.2 million in grant funding. The City plans on spending the grant on maintenance and operations including water and sewer improvement projects beginning next fiscal year.

The nonmajor governmental funds had an increase of \$6 thousand due to the increase in the fund balance of the Street Fund.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

Unrestricted net position of the Water Fund at the end of the year was \$27 thousand and for the Sewer Fund was \$437 thousand. Net position restricted for debt service was \$1.1 million for the Water Fund and \$270 thousand for the Sewer Fund. The change in net position for Water and Sewer Funds was \$184 thousand and \$128 thousand, respectively.

The Water Fund's charges for services decreased \$181 thousand while expenses increased \$238 thousand in comparison with prior year. The increases in expenses is mainly due to the increase in maintenance and professional services.

The Sewer Fund's charges for services decreased \$33 thousand and expenses decreased \$87 thousand from the amounts reported in prior year. In the current fiscal year, the Sewer Fund completed its \$536 thousand sewer improvement project funded through state and federal grants.

The Sewer Fund transferred \$249 thousand and the General Fund transferred \$175 thousand to the Water Fund to cover the Water Fund's cash shortfall.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual amounts available for appropriations were \$324 thousand more than budgeted. This favorable variance was primarily due to collecting more in sales and uses tax and other taxes, penalties, and interest, and loan proceeds than was expected.

Overall actual charges to appropriations were \$241 thousand more than budgeted. This unfavorable variance was due to spending more on street repairs and maintenance, capital outlay expenditures, and transfers to the Water Fund than expected.

The original budgeted revenues were increased by \$1.2 million in the final budget whereas the original budgeted expenditures were increased by \$516 thousand in the final budget. The budget revisions included the increases in amounts available for appropriation from beginning fund balance, sales tax revenues and increases in charges to appropriations for general and administrative, capital outlay, and debt service principal expenditures.

CAPITAL ASSETS

At June 30, 2022 and 2021, the City had invested in the following capital assets (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 79	\$ 79	\$ 678	\$ 678	\$ 757	\$ 757
Construction in progress	151	151	88	159	239	310
Infrastructure	1,069	1,069	-	-	1,069	1,069
Buildings and improvements	2,961	2,961	18	18	2,979	2,979
Furniture and equipment	2,073	1,895	1,006	957	3,079	2,852
Water plant and systems	-	-	11,113	11,113	11,113	11,113
Sewer plant and systems	-	-	7,866	7,866	7,866	7,866
Transmission lines	-	-	10,963	10,479	10,963	10,479
Total capital assets	<u>6,333</u>	<u>6,155</u>	<u>31,732</u>	<u>31,270</u>	<u>38,065</u>	<u>37,425</u>
Accumulated depreciation	<u>(4,568)</u>	<u>(4,368)</u>	<u>(19,065)</u>	<u>(18,315)</u>	<u>(23,633)</u>	<u>(22,683)</u>
Net capital assets	<u>\$ 1,765</u>	<u>\$ 1,787</u>	<u>\$ 12,667</u>	<u>\$ 12,955</u>	<u>\$ 14,432</u>	<u>\$ 14,742</u>

Additional information regarding capital assets can be found in Note 7 of the notes to the financial statements.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2022

DEBT ADMINISTRATION At June 30, 2022, the City had \$9.9 million outstanding in long-term debt versus \$10.1 million at June 30, 2021 which is a decrease of 2.4%. See Note 11 of the notes to the financial statements for more information. The City's outstanding debt at June 30, 2022 consisted of the following:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Water Revenue Bonds, net	\$ -	\$ -	\$ 6,825	\$ 7,181	\$ 6,825	\$ 7,181
Notes Payable	397	370	2,642	2,634	3,039	3,004
	<u>\$ 397</u>	<u>\$ 370</u>	<u>\$ 9,467</u>	<u>\$ 9,815</u>	<u>\$ 9,864</u>	<u>\$ 10,185</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. Approximately 66% of total revenues in the general fund are from ad valorem and sales tax collections. The initial budget for the 2022-2023 fiscal year includes a slight increase in both revenues and expenses. We have projected for the 2022-2023 fiscal year with no major uncertainties anticipated for the future.

On January 2, 2019, the City was placed under an Administrative Order (AO) by the Louisiana Department of Health (LDDH). The AO states that the City was non-compliant with several state primary drinking water regulations. The AO lists remedial actions that the City must undertake by specific deadlines to comply with all rules, regulations, and standards. On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order. The water plant rehabilitation will be funded through a USDA loan (\$4.0 million) and USDA grant (\$3.8 million). The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been approved by LDHH and the City is waiting on USDA's approval. Since the project was approved by the City Council in October 2020, the projected cost has risen by approximately \$1 million.

The City has been awarded \$2.4 million from the American Rescue Act Plan. The City received \$1.2 million of the grant in fiscal year 2021 and \$1.2 million in September 2022. The City plans on using the grant funding for maintenance and operations including the Sewer aerator project and the Water rehabilitation project.

ADDITIONAL INFORMATION For additional information contact the City at 204 North Cedar Street, Tallulah, LA 71282 or by telephone at (318) 574-0964.

BASIC FINANCIAL STATEMENTS:

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF TALLULAH

STATEMENT OF NET POSITION

June 30, 2022

Statement A

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
ASSETS			
Cash and cash equivalents	\$ 2,597,743	\$ 366,522	\$ 2,964,265
Receivables, net	383,041	365,355	748,396
Internal balances	30,058	(30,058)	-
Restricted assets:			
Cash and cash equivalents	3,658	1,491,588	1,495,246
Capital assets:			
Land and construction in progress	229,934	766,700	996,634
Depreciable assets, net of depreciation	1,535,363	11,900,503	13,435,866
TOTAL ASSETS	4,779,797	14,860,610	19,640,407
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	43,759	-	43,759
TOTAL DEFERRED OUTFLOWS OF RESOURCES	43,759	-	43,759
LIABILITIES			
Accounts and other payables	226,089	177,073	403,162
Unearned revenue	1,234,726	-	1,234,726
Interest payable	-	42,088	42,088
Payable from restricted assets - customer deposits	-	168,991	168,991
Noncurrent liabilities:			
Due within one year: Bonds, notes, leases, compensated absences	97,874	718,400	816,274
Due in more than one year			
Bonds, notes, leases, compensated absences	329,764	8,760,892	9,090,656
Net pension liability	129,319	-	129,319
TOTAL LIABILITIES	2,017,772	9,867,444	11,885,216
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	201,174	-	201,174
TOTAL DEFERRED INFLOWS OF RESOURCES	201,174	-	201,174
NET POSITION			
Net investment in capital assets	1,367,936	3,199,884	4,567,820
Restricted for:			
Debt service	-	1,329,498	1,329,498
Section 8 program	40,740	-	40,740
Maintenance and operations	490	-	490
Street maintenance	185,415	-	185,415
Construction projects	37	-	37
Unrestricted	1,009,992	463,784	1,473,776
TOTAL NET POSITION	\$ 2,604,610	\$ 4,993,166	\$ 7,597,776

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<i>Governmental activities:</i>				
General and administrative	\$ 747,727	\$ 82,625	\$ 1,582	\$ -
Police department	827,298	228,402	27,288	-
Fire department	510,184	4,500	59,762	-
Street department	992,305	-	6,225	38,000
Health and welfare	196,447	-	210,988	-
Culture and recreation	112,183	5,340	51,000	-
Legislative	66,340	-	-	-
Transportation	54,891	-	-	-
Interest expense	16,492	-	-	-
Total Governmental Activities	3,523,867	320,867	356,845	38,000
<i>Business-type activities:</i>				
Water activities	2,218,619	1,895,733	24,358	50,270
Sewer activities	939,222	868,003	20,874	415,761
Total Business-Type Activities	3,157,841	2,763,736	45,232	466,031
Total Primary Government	\$ 6,681,708	\$ 3,084,603	\$ 402,077	\$ 504,031

General revenues:

Taxes:

Property taxes levied for general purposes

Property taxes levied for fire protection

Sales and use tax revenue

Other taxes, penalties and interest

Licenses and permits

Grants and contributions not restricted to a specific program

Earnings on investments

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Statement B

PRIMARY GOVERNMENT

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
Governmental Activities	Business-Type Activities	TOTAL
\$ (663,520)	\$ -	\$ (663,520)
(571,608)	-	(571,608)
(445,922)	-	(445,922)
(948,080)	-	(948,080)
14,541	-	14,541
(55,843)	-	(55,843)
(66,340)	-	(66,340)
(54,891)	-	(54,891)
(16,492)	-	(16,492)
<u>(2,808,155)</u>	<u>-</u>	<u>(2,808,155)</u>
-	(248,258)	(248,258)
-	365,416	365,416
<u>-</u>	<u>117,158</u>	<u>117,158</u>
<u>(2,808,155)</u>	<u>117,158</u>	<u>(2,690,997)</u>
504,328	-	504,328
102,160	-	102,160
1,739,012	-	1,739,012
332,909	-	332,909
68,726	-	68,726
205,492	-	205,492
943	513	1,456
44,889	18,863	63,752
(175,000)	175,000	-
<u>2,823,459</u>	<u>194,376</u>	<u>3,017,835</u>
15,304	311,534	326,838
<u>2,589,306</u>	<u>4,681,632</u>	<u>7,270,938</u>
<u>\$ 2,604,610</u>	<u>\$ 4,993,166</u>	<u>\$ 7,597,776</u>

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BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

CITY OF TALLULAH

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2022**

Statement C

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>AMERICAN RESCUE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
ASSETS:					
Cash and cash equivalents	\$ 1,133,657	\$ 33,941	\$ 1,233,208	\$ 196,937	\$ 2,597,743
Receivables	333,086	3,408	-	-	336,494
Interfund receivables	67,108	-	2,008	5,791	74,907
Restricted Assets:					
Cash and cash equivalents	-	3,658	-	-	3,658
TOTAL ASSETS	<u>1,533,851</u>	<u>41,007</u>	<u>1,235,216</u>	<u>202,728</u>	<u>3,012,802</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts and other payables	217,110	267	-	8,712	226,089
Unearned revenue	-	-	1,234,726	-	1,234,726
Interfund payables	36,285	-	-	8,564	44,849
TOTAL LIABILITIES	<u>253,395</u>	<u>267</u>	<u>1,234,726</u>	<u>17,276</u>	<u>1,505,664</u>
FUND BALANCES:					
Restricted	-	40,740	490	185,452	226,682
Unassigned	1,280,456	-	-	-	1,280,456
TOTAL FUND BALANCES	<u>1,280,456</u>	<u>40,740</u>	<u>490</u>	<u>185,452</u>	<u>1,507,138</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,533,851</u>	<u>\$ 41,007</u>	<u>\$ 1,235,216</u>	<u>\$ 202,728</u>	<u>\$ 3,012,802</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022**

Statement D

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 1,507,138
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The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 6,333,655	
Accumulated depreciation	<u>(4,568,358)</u>	
		1,765,297

Deferred outflows of resources are not available to pay current period expenditures and deferred inflows of resources are not due and payable in the current period, therefore, neither are reported in the governmental funds.

Deferred outflows related to pensions	43,759	
Deferred inflows related to pensions	<u>(201,174)</u>	
		(157,415)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2022 are:

Loans payable	(397,361)	
Compensated absences payable	(30,277)	
Net pension liability	<u>(129,319)</u>	
		<u>(556,957)</u>

Net position - governmental activities		<u><u>\$ 2,604,610</u></u>
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CITY OF TALLULAH

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2022**

Statement E

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>AMERICAN RESCUE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
REVENUES					
Taxes:					
Ad valorem	\$ 479,435	\$ -	\$ -	\$ 127,053	\$ 606,488
Sales and use	1,739,012	-	-	-	1,739,012
Other taxes, penalties, and interest	332,909	-	-	-	332,909
Licenses and permits	68,726	-	-	-	68,726
Intergovernmental revenues	312,366	198,340	-	-	510,706
Rental income	5,340	-	-	-	5,340
Use of money and property	314	23	515	91	943
Fines and forfeitures	258,227	-	-	-	258,227
Miscellaneous revenues	154,049	12,648	-	-	166,697
TOTAL REVENUES	<u>3,350,378</u>	<u>211,011</u>	<u>515</u>	<u>127,144</u>	<u>3,689,048</u>
EXPENDITURES					
Current:					
General and administrative	720,804	-	25	180	721,009
Police department	838,462	-	-	-	838,462
Fire department	452,446	-	-	-	452,446
Street department	774,299	-	-	120,585	894,884
Health and welfare	-	218,226	-	-	218,226
Culture and recreation	102,886	-	-	-	102,886
Legislative	66,340	-	-	-	66,340
Transportation	54,891	-	-	-	54,891
Capital outlay	211,761	-	-	-	211,761
Debt service:					
Principal retirement	295,749	-	-	-	295,749
Interest and bank charges	16,492	-	-	-	16,492
TOTAL EXPENDITURES	<u>3,534,130</u>	<u>218,226</u>	<u>25</u>	<u>120,765</u>	<u>3,873,146</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(183,752)</u>	<u>(7,215)</u>	<u>490</u>	<u>6,379</u>	<u>(184,098)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	200	200
Transfers out	(175,200)	-	-	-	(175,200)
Loan proceeds	323,185	-	-	-	323,185
Insurance recoveries	5,702	-	-	-	5,702
TOTAL OTHER FINANCING SOURCES (USES)	<u>153,687</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>153,887</u>
Net Change in Fund Balances	<u>(30,065)</u>	<u>(7,215)</u>	<u>490</u>	<u>6,579</u>	<u>(30,211)</u>
FUND BALANCES - BEGINNING	<u>1,310,521</u>	<u>47,955</u>	<u>-</u>	<u>178,873</u>	<u>1,537,349</u>
FUND BALANCES - ENDING	<u>\$ 1,280,456</u>	<u>\$ 40,740</u>	<u>\$ 490</u>	<u>\$ 185,452</u>	<u>\$ 1,507,138</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

GOVERNMENTAL FUNDS

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022**

Statement F

Amounts reported for governmental activities in the Statement of Activities are different because:

Total net change in fund balances - governmental funds	\$	(30,211)
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Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$	203,214		
Depreciation expense		<u>(224,932)</u>		(21,718)

Some revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds; whereas other revenues may be reported in prior periods statement of activities but are reported as current year financial resources in the governmental funds.		46,547
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The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.		53,214
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		295,749
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In the Statement of Activities, certain operating expenses - compensated absences (vacation leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(5,092)
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Change in net position of governmental activities	\$	<u>15,304</u>
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CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
Statement of Net Position
June 30, 2022

Statement G

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 366,522	\$ 366,522
Receivables, net	242,838	122,517	365,355
Interfund receivables	566	49,274	49,840
Restricted Assets:			
Cash and cash equivalents	1,222,002	269,586	1,491,588
TOTAL CURRENT ASSETS	<u>1,465,406</u>	<u>807,899</u>	<u>2,273,305</u>
NONCURRENT ASSETS:			
Capital Assets:			
Land and construction in progress	140,621	626,079	766,700
Depreciable assets, net of depreciation	1,115,328	10,785,175	11,900,503
TOTAL NONCURRENT ASSETS	<u>1,255,949</u>	<u>11,411,254</u>	<u>12,667,203</u>
TOTAL ASSETS	<u>2,721,355</u>	<u>12,219,153</u>	<u>14,940,508</u>
LIABILITIES			
CURRENT LIABILITIES :			
Accounts and other payables	79,535	97,538	177,073
Interfund payables	79,898	-	79,898
Interest payable	42,088	-	42,088
Payable from restricted assets - customer deposits	168,991	-	168,991
Compensated absences	8,000	3,973	11,973
Revenue bonds payable - current	620,000	-	620,000
Loans payable - current	-	86,427	86,427
TOTAL CURRENT LIABILITIES	<u>998,512</u>	<u>187,938</u>	<u>1,186,450</u>
NONCURRENT LIABILITIES:			
Revenue bonds payable, net	6,205,000	-	6,205,000
Loans payable	-	2,555,892	2,555,892
TOTAL NONCURRENT LIABILITIES	<u>6,205,000</u>	<u>2,555,892</u>	<u>8,760,892</u>
TOTAL LIABILITIES	<u>7,203,512</u>	<u>2,743,830</u>	<u>9,947,342</u>
NET POSITION			
Net investment in capital assets	(5,569,051)	8,768,935	3,199,884
Restricted for debt service	1,059,912	269,586	1,329,498
Unrestricted	26,982	436,802	463,784
TOTAL NET POSITION	<u>\$ (4,482,157)</u>	<u>\$ 9,475,323</u>	<u>\$ 4,993,166</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

**Statement of Revenues, Expenses,
and Changes in Fund Net Position
For the Year Ended June 30, 2022**

Statement H

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services	\$ 1,895,733	\$ 868,003	\$ 2,763,736
TOTAL OPERATING REVENUES	<u>1,895,733</u>	<u>868,003</u>	<u>2,763,736</u>
OPERATING EXPENSES			
Personnel services	456,551	129,815	586,366
Supplies	367,563	49,297	416,860
Maintenance	251,226	111,686	362,912
Utilities	178,821	60,244	239,065
Miscellaneous	78,727	12,151	90,878
Uniforms	9,772	2,583	12,355
Insurance	17,156	6,475	23,631
Professional services	278,295	93,179	371,474
Depreciation	505,582	357,374	862,956
TOTAL OPERATING EXPENSES	<u>2,143,693</u>	<u>822,804</u>	<u>2,966,497</u>
Operating income (loss)	<u>(247,960)</u>	<u>45,199</u>	<u>(202,761)</u>
NON OPERATING REVENUES/EXPENSES			
Intergovernmental revenues	74,628	436,635	511,263
Interest income	371	142	513
Interest expense & other charges	(74,926)	(116,418)	(191,344)
Other revenues	7,383	11,480	18,863
TOTAL NON OPERATING REVENUES/EXPENSES	<u>7,456</u>	<u>331,839</u>	<u>339,295</u>
Income (Loss) before transfers	<u>(240,504)</u>	<u>377,038</u>	<u>136,534</u>
TRANSFERS			
Transfers in	424,186	-	424,186
Transfers out	-	(249,186)	(249,186)
TOTAL TRANSFERS	<u>424,186</u>	<u>(249,186)</u>	<u>175,000</u>
Change in Net Position	183,682	127,852	311,534
NET POSITION - BEGINNING	<u>(4,665,839)</u>	<u>9,347,471</u>	<u>4,681,632</u>
NET POSITION - ENDING	<u>\$ (4,482,157)</u>	<u>\$ 9,475,323</u>	<u>\$ 4,993,166</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2022**

Statement I

	WATER FUND	SEWER FUND	TOTAL
CASH FLOW (USES) FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,947,498	\$ 882,302	\$ 2,829,800
Payments to employees	(363,086)	(105,096)	(468,182)
Payments to others	(1,333,705)	(399,370)	(1,733,075)
Net cash provided by (used for) operating activities	<u>250,707</u>	<u>377,836</u>	<u>628,543</u>
CASH FLOW (USES) FROM INVESTING ACTIVITIES			
Earnings on investments	<u>371</u>	<u>142</u>	<u>513</u>
Net cash provided by (used for) investing activities	<u>371</u>	<u>142</u>	<u>513</u>
CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and contributions	24,358	20,874	45,232
Other receipts	7,383	11,480	18,863
Transfers in	254,142	-	254,142
Transfers out	-	(184,282)	(184,282)
Net cash provided by (used for) noncapital financing activities	<u>285,883</u>	<u>(151,928)</u>	<u>133,955</u>
CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	48,590	535,421	584,011
Acquisition of capital assets	(71,655)	(452,657)	(524,312)
Proceeds from bond refunding	7,095,000	-	7,095,000
Bond refunding	(6,902,066)	-	(6,902,066)
Bond issuance costs	(202,934)	-	(202,934)
Principal payment bonds & loans payable	(270,000)	(74,624)	(344,624)
Interest & penalties paid on debt	(206,273)	(116,418)	(322,691)
Net cash provided by (used for) capital and related financing activities	<u>(509,338)</u>	<u>(108,278)</u>	<u>(617,616)</u>
Net increase (decrease) in cash and cash equivalents	27,623	117,772	145,395
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,194,379</u>	<u>518,336</u>	<u>1,712,715</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>1,222,002</u></u>	<u><u>636,108</u></u>	<u><u>1,858,110</u></u>
RECONCILIATION TO BALANCE SHEET			
Cash	-	366,522	366,522
Restricted assets - cash	1,222,002	269,586	1,491,588
	<u>\$ 1,222,002</u>	<u>\$ 636,108</u>	<u>\$ 1,858,110</u>

(CONTINUED)

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2022

Statement I

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (247,960)	\$ 45,199	\$ (202,761)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	505,582	357,374	862,956
(Increase) decrease in operating accounts receivable	51,765	(16,060)	35,705
(Increase) decrease in interfund receivable	(500)	30,359	29,859
Increase (decrease) in operating accounts payable	(59,631)	(39,209)	(98,840)
Increase (decrease) in compensated absences	1,946	173	2,119
Increase (decrease) in interfund payable	-	-	-
Increase (decrease) in deposits due others	(495)	-	(495)
Net cash provided by (used for) operating activities	<u>\$ 250,707</u>	<u>\$ 377,836</u>	<u>\$ 628,543</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Loan payable for purchase of equipment	\$ -	\$ 82,850	\$ 82,850

(CONCLUDED)

The accompanying notes are an integral part of these financial statements.

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CITY OF TALLULAH, LOUISIANA

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City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the City of Tallulah have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

A. REPORTING ENTITY The City of Tallulah was founded in 1856 and is incorporated under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.) 33:321-481 of the constitution of the state of Louisiana.) The City is located in the parish of Madison and has a population of approximately sixty-five hundred. The City is governed by the mayor and five-member Council. The mayor and Council members serve four-year terms.

As the governing authority of the City, for reporting purposes, the City of Tallulah is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of the City of Tallulah for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

Because the City appoints the governing body of the Tallulah Housing Authority and can impose its will on the Housing Authority, the Housing Authority was determined to be a component unit of the City of Tallulah, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the City and do not present information on the Housing Authority or the general government services provided by that governmental unit; however, the information of the component unit is necessary in order for the City to report in conformity with GAAP. A copy of the audit report for the Housing Authority may be obtained from the City Clerk of Tallulah at 204 North Cedar, Tallulah, Louisiana, 71282.

B. FUND ACCOUNTING The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

Funds are classified into two categories; governmental and proprietary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on the recovering the cost of providing services to the public or other agencies through service charges or user fees.

The City's current operations require the use of governmental and proprietary fund types described as follows:

Governmental Funds

The City reports the following major governmental funds:

General Fund - is the general operating fund of the City. It accounts for all financial resources, except those required to be accounted for in other funds.

Section 8 Fund - accounts for the operations of the lower income housing assistance program which provides aid to very low-income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

American Rescue Fund - accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021

Proprietary Fund

Enterprise Funds - account for the operations of the City's water and sewer systems. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows/inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1994 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current fiscal year.

Franchise taxes and intergovernmental revenues are recorded when the City is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the City.

Based on the above criteria, ad valorem taxes, franchise taxes and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Source (Use) Transfers between funds that are not expected to be repaid are accounted for as other financing sources and are recognized when the underlying event occurs.

Proprietary Funds Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets, all liabilities and all deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position.

Operating revenues and expenses Proprietary fund distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

D. BUDGET PRACTICES A preliminary budget for the ensuing year is prepared by the clerk in May. The proposed budget is reviewed by the mayor and the City Council and made available to the public. During the June meeting of the City Council, the City holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the City Council as a whole. The budget is then adopted during the June meeting, and notice is published in the official journal.

During the year, the City Council receives monthly budget comparison statements which are used as a tool to control the operations of the City. The City Clerk presents necessary budget amendments to the Board when he determines that actual operations are differing materially from those anticipated in the original budget. The Board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the City's minutes published in the official journal. The budget is established and controlled by the mayor and Council members at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the Council members. The City does not use encumbrance accounting in its accounting system.

E. CASH AND CASH EQUIVALENTS Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits any bank domiciled or having a branch office in the State of Louisiana.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

F. INVESTMENTS Under state law, the City may invest funds in U.S. Treasury obligations, U.S. government agency obligations, direct repurchase agreements, money market funds, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments are stated at fair market value.

G. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

H. CAPITAL ASSETS Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their acquisition value at the date of donation. The City's practice is to capitalize all capital assets with a cost of \$1,000 or more. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used for governmental fund-type based on the following estimated useful lives:

Land	N/A
Infrastructure	20-40 years
Building and Improvements	15-20 years
Furniture and equipment	5-10 years

The capital assets used in the proprietary fund-type operations are included on the statement of net position of the fund. Depreciation of all exhaustible capital assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over estimated lives of 20-60 years for the plant, distribution system, and collection system, 3 to 10 years for furniture and equipment.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. LONG-TERM DEBT Long-term obligations, such as bonded debt and bank loans, are recognized as liabilities of a governmental fund only when due.

J. COMPENSATED ABSENCES Permanent, full-time employees receive from five to ten days of vacation leave each year depending on length of service. Employees may accumulate vacation leave. Sick leave is earned at the rate of ten days per year; however, no employee may accumulate more than ten days of sick leave. Employees who resign or retire are compensated for annual leave accumulated to the date of separation, not to exceed ten days, provided in the case of resignation the employee has completed at least 12 months of continuous service and has given two weeks' notice of resignation.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon resignation or retirement.

The City recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

The employees' right to receive compensation is attributable to services already rendered.

It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

K. PENSIONS For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Municipal Police Employees Retirement System (MPERS) and additions to/deductions for MPERS's fiduciary net position has been determined on the same basis as reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pension activities and is reported as a component of unrestricted net position.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one item that qualifies for reporting in this category. It is the deferred inflows of resources related to pension activities and is reported as a component of unrestricted net position.

M. RESTRICTED ASSETS Certain grants received by the City contained restrictions on spending for specific purposes. The General, Water and Sewer funds have accounts related to debt covenants that are restricted. In the Water Fund, the customer deposits are also restricted. Although the City has recorded \$168,991 in payable from restricted assets - customer deposits, the actual restricted cash and cash equivalents for customer deposits equates to \$120,002.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

N. RISK MANAGEMENT The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the City maintains commercial insurance policies covering its automobiles, property, and surety bond coverage. The City retains the risk of loss for general liability. There were no significant reductions in insurance coverage during the year ended June 30, 2022 for the primary government.

O. RESTRICTED NET POSITION For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. The restricted net position reported for street maintenance in the statement of activities is restricted by law through constitutional provisions or by enabling legislation.

P. FUNDEQUITY OF FUND FINANCIAL STATEMENTS GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the City's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the City or motions were passed at a Council meeting committing the funds. The motions passed are usually the result of budget revisions.

Assigned: Fund balance that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Council. The City's policy does not address assignment of fund balance.

Unassigned: Fund balance that is the residual classification for the general fund. A negative unassigned fund balance may be reported if expenditures incurred for a specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Restricted amounts are considered to have been spent first when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance is available. The City reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Q. INTERFUND TRANSACTIONS Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transfers are reported as transfers.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

R. USE OF ESTIMATES The preparation of 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, liabilities and deferred outflow/inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations in Individual Funds The following individual fund had actual expenditures over budgeted expenditures for the year-ended June 30, 2022.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,468,147	\$ 3,709,330	\$ (241,183)
Section 8	184,000	218,226	(34,226)

B. Deficit Fund Balances The following fund had a deficit fund balance at June 30, 2022:

<u>Fund</u>	<u>Deficit Amount</u>
Water	\$ 4,482,157

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following at June 30, 2022:

Petty Cash	\$ 1,125
Demand deposits	3,484,064
Money market mutual funds	974,322
Total	<u>\$ 4,459,511</u>

Deposits

Deposits are stated at cost, which approximates fair market value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2022, the City's had a bank balance of \$3,679,388, in which \$3,179,388 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City's policy does not address custodial credit risk.

Interest Rate Risk: The City's policy does not address interest rate risk.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's has the following recurring fair value measurement as of June 30, 2022:

Money market mutual funds of \$974,322 are valued using quoted prices for similar investments in active markets (Level 2).

Credit risk. The money market mutual funds in which the City has invested are unrated. The City's policy does not address credit risk.

NOTE 4 - LEVIED TAXES The City levies property taxes on real and business property located within the City's boundaries. Property taxes are levied by the City on property values assessed by the Madison Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Madison Parish Tax Assessor prepares tax statements for the City. Ad valorem taxes were levied in October 2021 with a due date and collection date of December 31, 2021 and a lien date of January 1, 2022.

The following is a summary of authorized and levied property taxes:

	<u>Adjusted Maximum</u>			<u>Expiration Date</u>
	<u>Millage</u>	<u>Levied Millage</u>		
General Fund Operations	7.31	7.31		Statutory
Police, Fire, Streets & Bridges	6.79	6.79		2022
General Purposes	9.34	8.31		2030
Streets, Roads, Drainage	8.81	7.83		2030

NOTE 5 - RECEIVABLES The following is a summary of receivables at June 30, 2022:

<u>Class of Receivables</u>	<u>General</u>	<u>Section 8</u>	<u>Total</u>
<u>Governmental Activities:</u>			
Governmental Funds:			
Taxes:			
Sales & use	\$ 139,595	\$ -	\$ 139,595
Other taxes	146	-	146
Intergovernmental	61,201	-	61,201
Other	132,144	3,408	135,552
Total Governmental Funds	\$ 333,086	\$ 3,408	336,494
Long-term receivables reported in governmental activities			46,547
Total Governmental Activities			\$ 383,041

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

<u>Class of Receivables</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Business-type Activities:</u>			
Proprietary Funds:			
Intergovernmental	\$ 1,680	\$ -	\$ 1,680
Water user fees	248,039	-	248,039
Sewer user fees	-	126,574	126,574
Gross receivables	249,719	126,574	376,293
Less allowance for doubtful accounts	(6,881)	(4,057)	(10,938)
Total Proprietary net receivables	<u>\$ 242,838</u>	<u>\$ 122,517</u>	<u>\$ 365,355</u>

NOTE 6 - INTERFUND TRANSACTIONS/BALANCES Individual balances due from/to other funds at June 30, 2022, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 59,110
General Fund	Nonmajor Governmental	7,998
American Rescue	General Fund	2,008
Nonmajor Governmental	General Fund	5,791
Water Fund	Nonmajor Governmental	566
Sewer Fund	General Fund	28,486
Sewer Fund	Water Fund	20,788
Total		<u>\$ 124,747</u>

Interfund balances resulted from fund reimbursements and transfers not made before year-end.

Transfers during the year were as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	\$ 200
Water Fund	General Fund	175,000
Water Fund	Sewer Fund	249,186
Total		<u>\$ 424,386</u>

The City transferred money from the General Fund and Sewer Fund to the Water Fund and from the General Fund to the Nonmajor Governmental (Capital Projects Fund) to cover cash shortfalls.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 7 - CAPITAL ASSETS The changes in capital assets for the year ended June 30, 2022 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 78,500	\$ -	\$ -	\$ 78,500
Construction in progress	151,434	-	-	151,434
Total capital assets, not being depreciated	<u>229,934</u>	<u>-</u>	<u>-</u>	<u>229,934</u>
Depreciable assets:				
Infrastructure	1,069,484	-	-	1,069,484
Buildings and improvements	2,960,988	-	-	2,960,988
Furniture and equipment	1,895,150	203,214	25,115	2,073,249
Total capital assets, being depreciated	<u>5,925,622</u>	<u>203,214</u>	<u>25,115</u>	<u>6,103,721</u>
Less: accumulated depreciation	<u>(4,368,541)</u>	<u>(224,932)</u>	<u>(25,115)</u>	<u>(4,568,358)</u>
Depreciable capital assets, net	<u>1,557,081</u>	<u>(21,718)</u>	<u>-</u>	<u>1,535,363</u>
Total capital assets, net	<u>\$ 1,787,015</u>	<u>\$ (21,718)</u>	<u>\$ -</u>	<u>\$ 1,765,297</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 23,620
Police department	37,397
Fire department	55,511
Street department	96,697
Health and welfare	2,221
Culture and recreation	9,486
Total	<u>\$ 224,932</u>

	Balance Beginning	Additions	Deletions	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 678,330	\$ -	\$ -	\$ 678,330
Construction in progress	158,440	466,031	536,101	88,370
Total capital assets, not being depreciated	<u>836,770</u>	<u>466,031</u>	<u>536,101</u>	<u>766,700</u>
Depreciable assets:				
Building and improvements	18,139	-	-	18,139
Equipment	957,319	109,569	61,303	1,005,585
Water plant and systems	11,112,957	-	-	11,112,957
Sewer plant and systems	7,866,378	-	-	7,866,378
Water and sewer transmission lines	10,478,750	536,101	52,430	10,962,421
Total capital assets, being depreciated	<u>30,433,543</u>	<u>645,670</u>	<u>113,733</u>	<u>30,965,480</u>
Less accumulated depreciation	<u>(18,315,754)</u>	<u>(862,956)</u>	<u>(113,733)</u>	<u>(19,064,977)</u>
Depreciable capital assets, net	<u>12,117,789</u>	<u>(217,286)</u>	<u>-</u>	<u>11,900,503</u>
Total capital assets, net	<u>\$ 12,954,559</u>	<u>\$ 248,745</u>	<u>\$ 536,101</u>	<u>\$ 12,667,203</u>

City of Tallulah
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For the Year Ended June 30, 2022

Depreciation expense was charged to business-type activities as follows:

Water	\$ 505,582
Sewer	357,374
Total	<u>\$ 862,956</u>

NOTE 8 - PENSION PLANS All employees of the City of Tallulah are members of either the Municipal Police Employees Retirement System of Louisiana (MPERS) or the Social Security System.

DEFINED BENEFIT PLAN

Plan Description:

The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing, multiple employer defined benefit pension plan that provides retirement, disability, and survivor's benefits to municipal police officers. MPERS issues a public report that includes financial statements and required supplementary information and may be obtained at www.lampers.org.

Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Commencing January 1, 2013, a member's eligibility for regular retirement, early retirement, disability and survivor benefits are based on hazardous duty and nonhazardous sub duty plans.

Cost of Living Adjustments

MPERS's Board of Trustees are authorized by State statutes to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

Deferred Retirement Option Plan

MPERS members are eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the retirement plan is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

the DROP is thirty six months or less. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts. If employment is not terminated, active contributing membership in the retirement plan shall resume and upon later termination, the member shall receive additional retirement benefit based on the additional service.

Initial Benefit Option Plan

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly benefit for life.

Employer Contributions

The contribution requirements of plan members and the City of Tallulah are established and may be amended by state statute. According to state statute, contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Contributions for all members are actuarially determined as required by state law but cannot be less than the 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2022, the actuarially determined employer contribution rate was 32.01% of member's compensation. However, the actual rate for employer contributions for fiscal year ending June 30, 2022 was 29.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.75% and 10%, respectively. The employer and employee contribution rates for all non-hazardous duty members hired after January 1, 2013 were 29.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.5%, respectively. City of Tallulah's contributions to the MPERS for the year ended June 30, 2022 was \$23,788.

Non-employer Contributions

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the fiscal year. During fiscal year 2022, the City recognized \$5,421 in non-employer contributions as intergovernmental revenue.

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

At June 30, 2022, the City reported a liability of \$129,319 for its proportionate share of the MPERS's Net Pension Liability (NPL). The NPL was measured as of June 30, 2021, and the total pension liabilities used to calculate the NPL was determined by actuarial valuations as of that date. The City's proportions of the NPL were based on an allocation method based on employer's contributions to MPERS during the year ended June 30, 2021 as compared to the total of all employers' contributions to MPERS during the year ended 2021. As of June 30, 2021, the most recent measurement date, the City's proportions and the changes in proportion from the prior measurement date was 0.024260%, or a decrease of 0.006809%.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

For the year ended June 30, 2022, the City recognized a total pension expense of \$24,005 for MPERS. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,983
Changes of assumptions	14,321	3,689
Net difference between projected and actual earnings on pension plan investments	-	60,382
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,650	133,120
Employer contributions subsequent to the measurement date	23,788	-
Total	<u>\$ 43,759</u>	<u>\$ 201,174</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the MPERS NPL in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
MPERS	\$ (93,306)	\$ (42,320)	\$ (24,774)	\$ (20,803)

Actuarial Assumptions. The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net pension. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal cost
Expected remaining service lives	4 years
Investment rate of return	6.75%, net of investment expense
Inflation rate	2.50% per annum
Salary increases, including inflation and merit	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%
Mortality: Annuitants and beneficiaries	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale

City of Tallulah
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For the Year Ended June 30, 2022

Mortality: Disabled lives	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale
Mortality: Employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale
Cost of living adjustments	Not substantively automatic

Mortality assumptions were set based upon an experience study for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.30% for the year ended June 30, 2021.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.5%	3.47%
Fixed income	30.5%	0.59%
Alternatives	14.0%	1.01%
Totals	100.0%	5.08%
Inflation		2.22%
Expected nominal return		<u>7.30%</u>

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of MPERS's actuary. Based on those assumptions, the MPERS's fiduciary net position was 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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

Changes in assumptions. The discount rate was decreased from 6.95% to 6.75%. The discount rate was decreased to reduce plan risk and to improve the probability of achieving the expected long-term rate of return assumption.

Sensitivity of the proportionate share of the NPL to changes in the discount rate. The following presents the City's proportionate share of the NPL for MPERS using the current discount rate as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
Net Pension Liability	\$225,383	\$129,319	\$49,138

Pension plan fiduciary net position. Detailed information about MPERS's fiduciary net position are available in the separately issued financial report referenced above.

Payables to the Pension Plan. At June 30, 2022, the City had \$1,731 in payables to MPERS for employee and employer legally required contributions.

457(b) DEFERRED COMPENSATION RETIREMENT PLAN

The City provides a 457(b) deferred compensation retirement plan administered by Nationwide Retirement Solutions. A 457(b) plan is a type of non-qualified, tax advantage deferred compensation retirement plan that is available for state and local governments and those employed by tax-exempt organizations. Benefits depend solely on amounts contributed to the plan plus investments earnings.

Contributions to the plan are limited by the I.R.C 457(b) limit. The limit for calendar years 2022 and 2021 were \$20,500 and \$19,500 respectively. For participants aged 50 and over, an additional catch up \$6,500 may be contributed. The City's contribution rates for the mayor (22.9%), city clerk (19.9%), and police chief (31.5%) are stipulated by a city ordinance and applied to their base annual salary. The City's contribution rates for other administrative employees are determined and may be changed by the Mayor. There is no vesting period for contributions. All employees are eligible to voluntarily participate in the plan after completing the six month probation period of their employment.

For the fiscal year ended June 30, 2022, the City made employer contributions of \$101,195 and employee contributions of \$5,595. At June 30, 2022, the City had \$63,000 in payables to the 457 plan for the employer required contributions.

NOTE 9 - ACCOUNTS AND OTHER PAYABLES The accounts and other payables at fiscal year ended June 30, 2022 are as follows:

Class of Payables	General	Section 8	Nonmajor Governmental	Water Fund	Sewer Fund	Total
Accounts Payable	\$ 190,569	\$ 267	\$ 8,712	\$ 45,653	\$ 94,848	\$ 340,049
Retainage Payable	-	-	-	1,680	-	1,680
Wages Payable	26,541	-	-	32,202	2,690	61,433
Net total payable	\$ 217,110	\$ 267	\$ 8,712	\$ 79,535	\$ 97,538	\$ 403,162

City of Tallulah
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For the Year Ended June 30, 2022

NOTE 10 - ON-BEHALF SUPPLEMENTAL PAY Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$45,767 is recognized as intergovernmental revenue and public safety expenditures. Of the \$45,767 recognized, the State paid \$21,767 to City police officers and \$24,000 to City firemen.

NOTE 11 - LONG-TERM DEBT Governmental activities long-term debt are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major capital additions. The general obligation bonds are paid with the appropriate debt service funds from funds provided by an ad valorem tax. The certificates of indebtedness and loans payable were issued for the purpose of the acquisition of major capital asset additions for the fire department and are paid from excess revenues of the General Fund. Capital leases were paid from the General Fund.

The City has issued revenue bonds and loans payable in which the City pledged income derived from the acquired or constructed assets to pay debt service. This long-term debt is reported in the business-type activities, in which payments are made by the Water and Sewer Funds. See Note 13 for additional information on pledged revenues.

During the year ended June 30, 2022, the following changes occurred in governmental activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Direct borrowings & placements:					
Loans payable	\$ 369,925	\$ 323,185	\$ 295,749	\$ 397,361	\$ 67,597
Compensated absences	25,185	37,666	32,574	30,277	30,277
Total	<u>\$ 395,110</u>	<u>\$ 360,851</u>	<u>\$ 328,323</u>	<u>\$ 427,638</u>	<u>\$ 97,874</u>

During the year ended June 30, 2022, the following changes occurred in business-type activities long-term debt:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Public Offerings					
Revenue bonds	\$ 7,105,000	\$ -	\$ 7,105,000	\$ -	\$ -
Bond premiums	76,443	-	76,443	-	-
Direct borrowings & placements:					
Revenue bonds	-	7,095,000	270,000	6,825,000	620,000
Loans payable	2,634,093	82,850	74,624	2,642,319	86,427
Compensated absences	9,854	14,738	12,619	11,973	11,973
Total	<u>\$ 9,825,390</u>	<u>\$ 7,192,588</u>	<u>\$ 7,538,686</u>	<u>\$ 9,479,292</u>	<u>\$ 718,400</u>

The beginning balances for loans payable was restated to include liabilities previously reported as capital leases. The implementation of GASB 87 resulted in the reclassification of existing debt from a capital lease to loans payable.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

The following is a summary of long-term obligation transactions for the year ended June 30, 2022:

	<u>Issue Dates</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities						
Loans Payable:						
Fire Trucks	3/21/2022	3/1/2031	3.717%	\$ 323,185	\$ 323,185	
Police Cars	8/25/2019	1/25/2024	4.360%	174,220	74,176	
Business-type activities						
Revenue Bonds:						
Water Revenue Refunding Bonds Series 2021	7/29/2021	9/1/2032	1.85%	7,095,000		\$ 6,825,000
Loans payable:						
Sewer Rehab Phase I	9/6/2006	9/6/2046	4.375%	2,660,000		2,122,243
Sewer Rehab Phase II	9/6/2006	9/6/2046	4.375%	500,000		398,957
Sewer Equipment - Case Farmall Tractor	5/28/2021	6/1/2026	3.990%	57,344		45,737
Sewer Equipment - Kobelco Excavator	12/16/2021	12/16/2026	4.500%	82,850		75,382
Totals					<u>397,361</u>	<u>9,467,319</u>
Current Portion of Debt					<u>(67,597)</u>	<u>(706,427)</u>
Total Long Term Portion of Debt					<u>\$ 329,764</u>	<u>\$ 8,760,892</u>

The annual requirements to amortize all outstanding debt at June 30, 2022 are as follows:

Year	<u>Governmental Activities Debt</u>		<u>Water Enterprise Debt</u>		<u>Sewer Enterprise Debt</u>	
	<u>Direct Borrowings</u>		<u>Direct Borrowings</u>		<u>Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 67,597	\$ 14,830	\$ 620,000	\$ 120,528	\$ 86,427	\$ 113,897
2024	69,847	12,580	610,000	109,150	90,308	110,016
2025	33,165	9,732	610,000	97,865	94,332	105,992
2026	34,406	8,490	630,000	86,395	97,481	101,795
2027	35,694	7,202	635,000	74,694	80,631	97,778
2028-2032	156,652	14,932	3,375,000	190,226	408,167	437,473
2033-2037	-	-	345,000	3,191	507,770	337,870
2038-2042	-	-	-	-	631,679	218,961
2043-2047	-	-	-	-	645,524	62,055
Total	<u>\$ 397,361</u>	<u>\$ 67,766</u>	<u>\$ 6,825,000</u>	<u>\$ 682,049</u>	<u>\$ 2,642,319</u>	<u>\$ 1,585,837</u>

USDA Loan Letter of Conditions: As stated in the USDA's Letter of Conditions for each of the USDA loans payables, the City will be required to establish and maintain reserves sufficient to assure loan installments will be paid on time, for emergency maintenance, for extensions to facilities and replacement for short-lived assets which have a useful life significantly less than the repayment period of the loan. Borrowers issuing bonds or other evidences of debt pledging facility revenues as security will plan their reserve to provide for at least an annual reserve payment equal to one tenth of the average annual loan installment, with payments made monthly and evenly divided between a reserve fund and a depreciation and contingency fund, until an amount equal to the highest annual debt service payment in any future year is accumulated in the reserve fund; thereafter, all payments to be made into the depreciation and contingency fund.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

Water Revenue Refunding Bonds, Series 2021 Bond Covenants: The material provisions of the bond covenants for the Water Revenue Refunding Bonds are as follows:

- The issuer will always provide revenues in each fiscal year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each fiscal year and will provide net revenues at least equal to 125% of the principal and interest falling due in such year on all bonds or other obligations payable from the net revenues and will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such Fiscal Year.
- The maintenance of a separately identifiable fund or account designated as the “Water System Revenue Bond Debt Service Fund” sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Parity Obligations, as they become due and payable, by transferring from the Revenue Fund to the Debt Service Fund, monthly in advance on or before the 25th day of each month of each year, a sum equal to 1/6th of the interest falling due on the next interest payment date and 1/12 of the principal falling due on the next principal payment date.
- The establishment and maintenance of a separately identifiable fund or account with a deposit from the bond proceeds equal to the required debt service reserve requirement. The reserve fund requirement is as of any date of calculation, a sum equal to 50% of the highest combined principal and interest requirements for any succeeding fiscal year.

For the fiscal year ended June 30, 2022, the Water Fund’s net revenues were 98% of the principal and interest falling due on all bonds or other obligations payable. The deposits held in the Regions debt service accounts are to be used to pay the principal and interest payments as they come due with the last payment being paid from the reserve funds. The City made the required deposits during fiscal year 2022.

Required Debt Reserves: The required debt reserves and amounts reserved as of June 30, 2022 for the City are as follows:

	Debt Issued	Required Reserve	Amount Reserved
Business-type Activities:			
Water Fund:			
Water Revenue Refunding Bonds, Series 2021	\$ 7,095,000	\$ 967,282	\$ 1,102,000
Sewer Fund:			
Sewer Rehab Phase I	2,660,000	224,343	-
Sewer Rehab Phase II	500,000	42,147	269,586
Total Sewer Fund	3,160,000	266,490	269,586
Total Business-Type Activities	\$10,255,000	\$ 1,233,772	\$ 1,371,586

Bond Refunding On July 29, 2021, the City issued \$7,095,000 in Water Revenue Refunding Bonds, Series 2021 with an interest rate of 1.85% to provide resources for the redemption of \$3,475,000 of outstanding Water Revenue Refunding Bonds, Series 2012 which had interest rates ranging from 2.6% to 5.0% and the redemption of \$3,630,000 of outstanding Water Revenue Refunding Bonds, Series 2016 which had interest rates ranging from 2.0% to 4.0%. The net proceeds of \$6,892,066 (after payment of \$202,934 in underwriter and bond issuance costs) plus \$714,674 in transfers from the Series 2012 and Series 2016 debt service funds were used for bond redemption including interest of \$131,476 and establishment of a \$370,264 debt service reserve fund. The refunding resulted in a present value savings of \$1,044,889 in future debt service payments over the next twelve years for an economic benefit of \$700,479.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 12 - PLEDGED REVENUES The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$6,825,000 in water revenue bonds payable and \$2,521,200 in sewer loans payable. Proceeds from revenue bonds/loans payable provided financing for the purpose of constructing and acquiring extensions, improvements to the waterworks and sewer systems of the City of Tallulah. The revenue bonds/loans payable are payable solely from water and sewer customer net revenues and are payable through fiscal year ended 2033 for the Water Fund and fiscal year ended 2047 for the Sewer Fund. Total principal and interest remaining to be paid on the water and sewer revenue bonds/loans payable is \$7,507,049 and \$4,228,156, respectively. Water principal and interest paid for the current year was \$476,275 and total net revenue (loss) per Statement H was \$(240,504). Sewer principal and interest paid for the current year was \$169,128 and total net revenue (loss) per Statement H was \$377,038. See Note 11 for additional information on the Water and Sewer revenue bonds/loans payable.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Contingencies: The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

In November 2014, the Louisiana Court of Appeals affirmed the judgement against the City of Tallulah awarding plaintiffs \$1.2 million regarding a vehicle accident involving a City employee. The City is vigorously contesting the enforceability of this judgment because: Louisiana Constitution Article XII, Section 10(c) provides that "no judgment against the State, of State agency or a political subdivision shall be eligible, payable or paid except for funds appropriated therefore by the legislature or by the political subdivision against which the judgement is rendered." The City is not insured against this asserted claim. No liability has been recorded for this judgement.

The City is also the defendant in various lawsuits. It is the opinion of management and legal counsel for the City that potential claims against the City not covered by insurance would not materially affect the financial statements.

Administrative Order: On January 2, 2019, the City was placed under an Administrative Order (AO) by the Louisiana Department of Health. The AO states that the City was non-compliant with several state primary drinking water regulations. The AO lists remedial actions that the City must undertake by specific deadlines to comply with all rules, regulations, and standards. If the City fails to meet the deadlines without an approved extension, the state health officer may assess a penalty up to a maximum of \$3,000 per day for each day the City's water system is not in compliance. At the date of this report, no fines have been assessed.

On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order. The water plant rehabilitation will be funded through a USDA loan (\$4.0 million) and USDA grant (\$3.8 million). The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been approved by LDHH and the City is waiting on USDA's approval. Since the project was approved by the City Council in October 2020, the estimated cost associated with the project has increased by approximately \$1 million. The City plans on using part of its American Rescue Act Plan grant funding to cover the additional costs of the project.

Construction Projects: The City is involved in several projects at fiscal year ended June 30, 2022 which include the Ethel Street drainage project, the sewer plant aerator project, the new water well project, and the water plant rehabilitation project. At June 30, 2022, the City had approximately \$420 thousand remaining on the contract for construction of the new water well and \$222 thousand remaining on the contract for the sewer aerator project.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 14 - RISK MANAGEMENT The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the City carries commercial insurance. The City currently has a \$10,000 deductible for its fire and casualty loss insurance coverage and no deductible for the other policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City retains the risk of loss for general liability.

NOTE 15 - FUND BALANCE CLASSIFICATION DETAILS The following are details of the fund balance classification:

	<u>General Fund</u>	<u>Section 8</u>	<u>American Rescue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Restricted for:					
Section 8 program	\$ -	\$ 40,740	\$ -	\$ -	\$ 40,740
Maintenance and operations	-	-	490	-	490
Street maintenance	-	-	-	185,415	185,415
Construction projects	-	-	-	37	37
Unassigned	1,280,456	-	-	-	1,280,456
Total	<u>\$ 1,280,456</u>	<u>\$ 40,740</u>	<u>\$ 490</u>	<u>\$ 185,452</u>	<u>\$1,507,138</u>

NOTE 16 - SUBSEQUENT EVENTS In continued response to the COVID-19 pandemic and to assist the United States (US) with economic Recovery, Congress passed the American Rescue Plan of 2021 (ARPA) on January 3, 2021. The Act allocated direct funding to governmental entities throughout the US including the City of Tallulah by way of the Coronavirus Local Fiscal Recovery Fund established under the Act. The total amount allocated to the City is \$2,469,452. The City received its first half in fiscal year 2022, and the second half of \$1,232,718 was received on September 29, 2022.

NOTE 17 - NEW GASB STANDARDS The City implemented Statement No. 87 - *Leases*, issued by the Government Accounting Standards Board. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The cumulative effect of applying this Statement resulted in the reclassification of an existing debt from a capital lease to notes payable as of July 1, 2021.

The City implemented Statement No. 97 - *Certain Component Unit Criteria, and Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued by the Government Accounting Standards Board. This statement (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plan and for the benefits provided through those plans. The adoption of this standard had no impact on the College's financial statements, however additional note information was added to Note 8 in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2022

Exhibit 1-1

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Last Eight Years**

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Police Employees' Retirement System					
2015	0.115035%	\$ 719,668	\$ 205,010	351%	75.10%
2016	0.057648%	451,612	160,089	282%	70.73%
2017	0.029801%	279,319	90,854	307%	66.04%
2018	0.040175%	350,745	109,566	320%	70.08%
2019	0.067047%	566,819	203,590	278%	71.89%
2020	0.039777%	361,242	136,810	264%	71.01%
2021	0.031069%	287,150	102,036	281%	70.94%
2022	0.024260%	129,319	88,615	146%	84.09%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Exhibit 1-2

**Schedule of Employer Contributions to Pension Plan
Last Eight Years**

Fiscal Year*	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Municipal Police Employees' Retirement System					
2015	\$ 50,428	\$ 50,428	\$ -	\$ 160,089	31.50%
2016	26,802	26,802	-	90,854	29.50%
2017	34,991	34,991	-	109,566	31.94%
2018	62,604	62,604	-	203,590	30.75%
2019	44,121	44,121	-	136,810	32.25%
2020	33,162	33,162	-	102,036	32.50%
2021	29,908	29,908	-	88,615	33.75%
2022	23,788	23,788	-	79,960	29.75%

*Amounts presented were determined as of the end of the fiscal year.

*This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2022

Notes to Required Supplementary Information for Pensions

Changes in benefit terms: Amounts reported after 2015 include a 3% COLA that was effective November 1, 2014.

Changes of assumptions: Prior to 2016, mortality assumptions were set based upon an experience for the period July 1, 2003 through June 20, 2008. For 2016 to 2020, mortality assumptions were based on an experience study for the period July 1, 2009 through June 20, 2014. For 2021 and after, mortality assumptions were based on an experience study for the period July 1, 2014 through June 20, 2019.

The following is a detail description of the changes in assumptions:

Report Date	Valuation Date	Investment Rate of Return	Inflation Rate	Mortality Rate - Annuitant and Beneficiary	Mortality Rate - Employees	Mortality Rate - Disabled Annuitants	Salary Increases
December 31,							
2015	2014	7.500%	3.000%	RP-2000 Sex Distinct Healthy Annuitant Mortality Tables set back 1 year males and females	RP-2000 Sex Distinct Employee Mortality Tables set back 1 year for males and females	RP-2000 Disables Lives Mortality Tables for Males and Females	Varying from 10.000% to 4.00% after 30 years
2016 & 2017	2015 & 2016	7.500%	2.875%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disables Lives Tables set back 5 years for males and set back 3 years for females	Varying from 9.75% to 4.25% after 23 years
2018	2017	7.325%	2.700%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females	Varying from 9.75% to 4.25% after 23 years
2019	2018	7.200%	2.600%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Tables set back 5 years for males and set back 3 years for females	Varying from 9.75% to 4.25% after 23 years
2020	2019	7.125%	2.500%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disables Lives Tables set back 5 years for males and set back 3 years for females .	Varying from 9.75% to 4.25% after 23 years
2021	2020	6.950%	2.500%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%
2022	2021	6.750%	2.500%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%

See independent auditor's report.

City of Tallulah

Budgetary Comparison Schedules

Major Funds with Legally Adopted Annual Budget

General Fund - is the general operating fund of the City. It accounts for all financial resources, except those required to be accounted for in other funds.

Section 8 Fund - accounts for the operations of the lower income housing assistance program which provides aid to very low-income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

CITY OF TALLULAH

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2022**

Exhibit 2-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY BASIS</u>	<u>WITH FINAL BUDGET</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 514,143	\$ 1,310,521	\$ 1,310,521	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	471,000	471,000	479,435	8,435
Sales and use	1,558,835	1,658,835	1,739,012	80,177
Other taxes, penalties, and interest	220,420	250,420	332,909	82,489
Licenses and permits	79,740	79,740	68,726	(11,014)
Intergovernmental revenues	312,420	312,420	312,366	(54)
Rental income	13,000	13,000	5,340	(7,660)
Use of money and property	-	-	314	314
Fines and forfeitures	153,600	193,600	258,227	64,627
Miscellaneous revenues	86,800	86,800	154,049	67,249
Transfers from other funds	50,000	50,000	-	(50,000)
Loan proceeds	-	239,769	323,185	83,416
Insurance recoveries	-	-	5,702	5,702
	<u>3,459,958</u>	<u>4,666,105</u>	<u>4,989,786</u>	<u>323,681</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	698,805	886,805	720,804	166,001
Police department	810,365	810,365	838,462	(28,097)
Fire department	422,868	422,868	452,446	(29,578)
Street department	659,315	659,315	774,299	(114,984)
Health and welfare	2,000	2,000	-	2,000
Culture and recreation	147,225	147,225	102,886	44,339
Legislative	65,400	65,400	66,340	(940)
Transportation	48,000	48,000	54,891	(6,891)
Capital outlay	-	88,000	211,761	(123,761)
Debt service:				
Principal retirement	55,980	295,749	295,749	-
Interest and bank charges	42,420	42,420	16,492	25,928
Transfers to other funds	-	-	175,200	(175,200)
	<u>2,952,378</u>	<u>3,468,147</u>	<u>3,709,330</u>	<u>(241,183)</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	<u>\$ 507,580</u>	<u>\$ 1,197,958</u>	<u>\$ 1,280,456</u>	<u>\$ 82,498</u>

See independent auditor's report.

CITY OF TALLULAH

**SECTION 8
Budgetary Comparison Schedule
For the Year Ended June 30, 2022**

Exhibit 2-2

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY BASIS</u>	<u>WITH FINAL BUDGET</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 37,336	\$ 47,955	\$ 47,955	\$ -
Resources (inflows)				
Intergovernmental revenues	184,000	184,000	198,340	14,340
Use of money and property	-	-	23	23
Miscellaneous revenues	-	-	12,648	12,648
Amounts available for appropriations	<u>221,336</u>	<u>231,955</u>	<u>258,966</u>	<u>27,011</u>
Charges to appropriations (outflows)				
Current:				
Health and welfare	<u>184,000</u>	<u>184,000</u>	<u>218,226</u>	<u>(34,226)</u>
Total charges to appropriations	<u>184,000</u>	<u>184,000</u>	<u>218,226</u>	<u>(34,226)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 37,336</u>	<u>\$ 47,955</u>	<u>\$ 40,740</u>	<u>\$ (7,215)</u>

See independent auditor's report.

City of Tallulah

**Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2022**

Note A. BUDGET PRACTICES A preliminary budget for the ensuing year is prepared by the clerk in May. The proposed budget is reviewed by the mayor and the City Council and made available to the public. During the June meeting of the City Council, the City holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the City Council as a whole. The budget is then adopted during the June meeting, and notice is published in the official journal.

During the year, the City Council receives monthly budget comparison statements which are used as a tool to control the operations of the City. The City Clerk presents necessary budget amendments to the Council when he determines that actual operations are differing materially from those anticipated in the original budget. The Council in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the City's minutes published in the official journal.

The budget is established and controlled by the mayor and Council members at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the Council members. The City does not use encumbrance accounting in its accounting system.

Note B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED APPROPRIATIONS The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2022:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,468,147	\$ 3,709,330	\$ (241,183)
Section 8	184,000	218,226	(34,226)

Note C. BUDGET TO GAAP RECONCILIATION Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>GENERAL</u>	<u>SECTION 8</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 4,989,786	\$ 258,966
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,310,521)	(47,955)
Loan proceeds are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(323,185)	-
Insurance recoveries are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(5,702)	-
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	3,350,378	211,011
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	3,709,330	218,226
Transfers to other funds classified and expenditures for budgetary purposes and as an operating transfer for financial reporting	(175,200)	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 3,534,130	\$ 218,226

See independent auditor's report.

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OTHER SUPPLEMENTARY INFORMATION

City of Tallulah

**Nonmajor Governmental Funds
For the Year Ended June 30, 2022**

SPECIAL REVENUE STREET – is used to account for the proceeds of an ad valorem tax dedicated for the maintenance of City streets.

CAPITAL PROJECTS – is used to account for the accumulation of resources for and costs related to the following capital projects:

- Ethel Street Drainage Project
- Harlem Street Drainage Project
- LCDBG Projects
- USDA Construction

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet - By Fund Type
 June 30, 2022

Exhibit 3

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash and cash equivalents	\$ 188,336	\$ 8,601	\$ 196,937
Interfund receivables	5,791	-	5,791
TOTAL ASSETS	<u>194,127</u>	<u>8,601</u>	<u>202,728</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts and other payables	8,712	-	8,712
Interfund payables	-	8,564	8,564
TOTAL LIABILITIES	<u>8,712</u>	<u>8,564</u>	<u>17,276</u>
FUND BALANCES:			
Restricted	185,415	37	185,452
TOTAL FUND BALANCES	<u>185,415</u>	<u>37</u>	<u>185,452</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 194,127</u>	<u>\$ 8,601</u>	<u>\$ 202,728</u>

See independent auditor's report.

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances - By Fund Type
 For the Year Ended June 30, 2022

Exhibit 4

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
REVENUES			
Taxes:			
Ad valorem	\$ 127,053	\$ -	\$ 127,053
Use of money and property	91	-	91
TOTAL REVENUES	<u>127,144</u>	<u>-</u>	<u>127,144</u>
EXPENDITURES			
Current:			
General and administrative	-	180	180
Street department	120,585	-	120,585
TOTAL EXPENDITURES	<u>120,585</u>	<u>180</u>	<u>120,765</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>6,559</u>	<u>(180)</u>	<u>6,379</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	200	200
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>200</u>	<u>200</u>
Net Change in Fund Balances	6,559	20	6,579
FUND BALANCES - BEGINNING	<u>178,856</u>	<u>17</u>	<u>178,873</u>
FUND BALANCES - ENDING	<u>\$ 185,415</u>	<u>\$ 37</u>	<u>\$ 185,452</u>

See independent auditor's report.

**COMPARATIVE INFORMATION
REQUIRED BY
BOND COVENANT
WITH THE
U. S. DEPARTMENT OF AGRICULTURE**

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
Comparative Statement of Net Position
June 30, 2022 and 2021

Exhibit 5

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>WATER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SEWER</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ -	\$ -	\$ 366,522	\$ 268,632
Receivables, net	242,838	292,923	122,517	226,117
Interfund receivables	566	66	49,274	146,056
Restricted Assets:				
Cash and cash equivalents	1,222,002	1,194,379	269,586	249,704
TOTAL CURRENT ASSETS	<u>1,465,406</u>	<u>1,487,368</u>	<u>807,899</u>	<u>890,509</u>
NONCURRENT ASSETS:				
Capital Assets:				
Land and construction in progress	140,621	90,351	626,079	746,419
Depreciable assets, net of depreciation	1,115,328	1,597,845	10,785,175	10,519,944
TOTAL NONCURRENT ASSETS	<u>1,255,949</u>	<u>1,688,196</u>	<u>11,411,254</u>	<u>11,266,363</u>
TOTAL ASSETS	<u>2,721,355</u>	<u>3,175,564</u>	<u>12,219,153</u>	<u>12,156,872</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts and other payables	79,535	137,486	97,538	169,989
Interfund payables	79,898	249,942	-	1,519
Interest payable	42,088	96,992	-	-
Payable from restricted assets - customer deposits	168,991	169,486	-	-
Compensated absences	8,000	6,054	3,973	3,800
Revenue bonds payable - current	620,000	500,000	-	-
Loans payable - current	-	-	86,427	67,187
TOTAL CURRENT LIABILITIES	<u>998,512</u>	<u>1,159,960</u>	<u>187,938</u>	<u>242,495</u>
NONCURRENT LIABILITIES:				
Revenue bonds payable, net	6,205,000	6,681,443	-	-
Loans payable	-	-	2,555,892	2,566,906
TOTAL NONCURRENT LIABILITIES	<u>6,205,000</u>	<u>6,681,443</u>	<u>2,555,892</u>	<u>2,566,906</u>
TOTAL LIABILITIES	<u>7,203,512</u>	<u>7,841,403</u>	<u>2,743,830</u>	<u>2,809,401</u>
NET POSITION				
Net investment in capital assets	(5,569,051)	(5,493,247)	8,768,935	8,632,270
Restricted for debt service	1,059,912	939,151	269,586	249,704
Unrestricted	26,982	(111,743)	436,802	465,497
TOTAL NET POSITION	<u>\$ (4,482,157)</u>	<u>\$ (4,665,839)</u>	<u>\$ 9,475,323</u>	<u>\$ 9,347,471</u>

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

**Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2022**

Exhibit 6

Agency Head

Mayor Charles M. Finlayson

Purpose	Amount
Salary	\$65,523
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$2,520
Vehicle Allowance	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

CITY OF TALLULAH, LOUISIANA

**Financial Data Schedule
Program Balance Sheet Summary
June 30, 2022**

Exhibit 7

Submission Type: unaudited

Fiscal Year End : 06/30/2022

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
112 Cash - Unrestricted	\$ 37,598	\$ 37,598
112.1 Cash - Restricted	-	-
124 Accounts Receivable - Other Gov't	3,408	3,408
190 Total Assets	<hr/>	<hr/>
	\$ 41,006	\$ 41,006
	<hr/>	<hr/>
312 Accounts Payable <= 90 Days	267	267
342 Unearned Revenue	-	-
347 Inter Program - Due To	-	-
300 Total Liabilities	<hr/>	<hr/>
	267	267
512.1 Unrestricted Net Assets	40,739	40,739
512.2 Restricted Net Assets	-	-
513 Total Equity/Net Assets	<hr/>	<hr/>
	40,739	40,739
	<hr/>	<hr/>
600 Total Liabilities and Equity/Net Assets	\$ 41,006	\$ 41,006
	<hr/>	<hr/>

(Continued)

CITY OF TALLULAH, LOUISIANA

**Financial Data Schedule
Program Revenue and Expenses Summary
As of and For the Year Ended June 30, 2022**

Exhibit 7

Submission Type: unaudited

Fiscal Year End : 06/30/2022

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
70800 HUD PHA Operating Grants	\$ 198,340	\$ 198,340
71100 Investment Income - Unrestricted	22	22
71500 Other Revenue	12,648	12,648
	<hr/>	<hr/>
	211,010	211,010
91600 Office Expenses	30,934	30,934
91800 Travel	-	-
91900 Other	-	-
96900 Total Operating Expenses	<hr/>	<hr/>
	30,934	30,934
97000 Excess of Operating Revenue over Operating Expenses	180,076	180,076
97300 Housing Assistance Payments	147,947	147,947
97300 Tenant Protected	26,421	26,421
97350 HAP Portability-In	12,924	12,924
90000 Total Expenses	<hr/>	<hr/>
	187,292	187,292
10000 Excess (Deficiency) of Total Revenue Over (under) Total	(7,216)	(7,216)
11030 Beginning Equity	<hr/>	<hr/>
	47,955	47,955
11170 Administrative Fee Equity	<hr/>	<hr/>
	40,739	40,739
11180 Housing Assistance Payments Equity	<hr/>	<hr/>
	-	-

(Concluded)

CITY OF TALLULAH, LOUISIANA

**Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
For the Six-Month Periods Ended December 31, 2021 and June 30, 2022**

Exhibit 8

	First Six- Month Period Ended 12/31/2021	Second Six- Month Period Ended 6/30/2022
Beginning Balance of Amounts Collected	\$ 63,320	\$ 71,671
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	114,744	108,428
Bond Fees	5,962	10,528
Criminal Court Costs/Fees	16,794	17,668
Service/Collection Fees (e.g., credit card fees, report fees, third-party service fees)	2,220	2,680
Subtotal Collections	139,720	139,304
Less: Amounts Disbursed to Governments and Nonprofits		
Louisiana Commission on Law Enforcement - Post Fees	-	8,534
Louisiana Commission on Law Enforcement - Crime Victims	-	3,696
Northeast Crime Lab - Lab Fees	-	49,808
State of Louisiana, Treasurer - CMIS Fees	-	8,111
Less: Amounts Retained by Collecting Agency		
Self-Disbursed: Bond Fees	5,962	10,528
Self-Disbursed: Criminal Court Costs/Fees	16,794	17,668
Self-Disbursed: Criminal Fines - Other	106,129	99,657
Self-Disbursed: Criminal Fines - Other	2,220	2,680
Less: Disbursements to Individuals/Third-Party Collection or Processing Agencies		
Other Disbursements to Individuals (additional detail is not required)	264	853
Payments to Third-Party Collection/Processing Agencies	-	109
Subtotal Disbursements/Retainage	131,369	201,644
Ending Balance of Amounts Collected but not Disbursed/Retained	\$ 71,671	\$ 9,331
Other Information		
Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers during the Fiscal Period	\$ -	\$ -

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

Justice System Funding Schedule - Receiving Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund

Cash Basis Presentation

For the Six Month Periods Ended December 31, 2021 and June 30, 2022

Exhibit 9

	First Six- Month Period Ended 12/31/2021	Second Six- Month Period Ended 6/30/2022
Receipts from:		
LA Department of Public Safety and Corrections - Bond Settlement Fees	\$ 38	\$ 125
Subtotal Receipts	<u>\$ 38</u>	<u>\$ 125</u>
Ending Balance of Amounts Assessed but not Received	<u>\$ -</u>	<u>\$ -</u>

**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***

Independent Auditor's Report

The Honorable Charles Finlayson, Mayor
and the Members of the City Council
City of Tallulah, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Tallulah, Louisiana's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* which is identified as finding 2022-001 in the accompanying schedule of findings and responses.

City of Tallulah's Response to Finding

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

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
December 20, 2022

CITY OF TALLULAH, LOUISIANA
Schedule of Findings and Responses
For Year Ended June 30, 2022

A. Summary of Auditor’s Results

Financial Results

1. Type of auditor’s report	Unmodified
2. Internal control over financial reporting	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None
c. Noncompliance material to the financial statements noted?	Yes
d. Other matter?	No

Federal Awards

Not applicable.

B. Findings - Financial Statement Audit

2022-001 Failure to Amend Budget (LRS 39:1310)

Criteria: The City is required to follow the requirements of the Louisiana Local Government Budget Act at LRS 39:1301 through 39:1315.

Condition: State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. During the year ended June 30, 2022, the General Fund’s actual expenditures of \$3,709,330 exceeded budgeted expenditures of \$3,468,147 resulting in an unfavorable variance of \$241,183, or 7.0%.

Cause: Unknown.

Effect: The City did complied with the requirements of the Louisiana Local Government Budget Act and amended its budget for the General Fund. However, the amendment was not sufficient to remove the unfavorable variance..

Recommendation: We recommend the monitoring of actual costs accumulated by funds more closely and making appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

Management’s Response: Management will more closely monitor fund expenditures compared to budget and will amend budget as necessary to comply with the Local Government Budget Act.

CITY OF TALLULAH, LOUISIANA
Schedule of Findings and Responses (Continued)
For Year Ended June 30, 2022

C. Other Matters

None.

CITY OF TALLULAH, LOUISIANA
Schedule of Prior Year Findings and Responses
For Year Ended June 30, 2022

None.

AGREED-UPON PROCEDURES REPORT

City of Tallulah, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2021 - June 30, 2022

To the Honorable Charles Finlayson
and Members of the City Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Tallulah, Louisiana (the City), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The City is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 1, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to the user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

- 1) Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology (IT) Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We did not identify any written policies and procedures for i, j, k, or l. We noted that the purchasing policy does not address how vendors are added to the vendor list. We noted the receipts/collections policy does not address receipts at City Hall (where ad valorem taxes and other intergovernmental revenue are collected) or actions to determine the completeness of all collections. We noted no exceptions in the performance of the remaining portion of the procedure.

Board (or Finance Committee, if applicable)

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: We performed procedure a with no exceptions. While performing procedure b, we noted the budget-to-actual report is submitted to the Council as part of the financial report but the minutes did not reference review of monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual on proprietary funds, or semi-annual budget-to-actual on special revenue funds. Procedure c is not applicable as the City did not have a negative unassigned fund balance in the prior year.

Bank Reconciliations

- 3) Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were noted as a result of performing these procedures.

Collections (Excluding EFTs)

- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Results: No exceptions were noted as a result of performing these procedures.

- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions were noted as a result of performing these procedures.

- 6) Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: We were unable to observe a copy of the bond or insurance policy for theft.

- 7) Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected, and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: We performed procedures c and e with no exceptions. We were not able to perform procedures a, b, and d as a collections log is not kept.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Results: No exceptions were noted as a result of performing these procedures.

- 9) For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedure relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were noted as a result of performing these procedures.

- 10) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were noted as a result of performing these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were noted as a result of performing these procedures.

- 12) Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We did not observe evidence that the monthly statement was reviewed and approved in writing by someone other than the authorized card holder (a) outside of the Mayor signing the checks. While performing procedure b, we noted late fees assessed on the statement selected.

- 13) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: We performed the above procedure and noted that support was not present and a business/public purpose was not documented for 5 of 14 credit card transactions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

For each of the five reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of performing these procedures.

Contracts

- 15) Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of performing these procedures.

Payroll and Personnel

- 16) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were noted as a result of performing these procedures.

17) Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were noted as a result of performing these procedures.

18) Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files and agree the termination payment to entity policy.

Results: No exceptions were noted as a result of performing these procedures.

19) Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of performing these procedures.

Ethics

20) Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the entity maintains documentation which demonstrates each employee/official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: For the 5 employees/officials selected, we were unable to observe documentation that each employee completed one hour of ethics training during the fiscal period.

Debt Service

21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: No exceptions were noted as a result of performing these procedures.

22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were noted as a result of performing these procedures.

Fraud Notice

23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of performing these procedures.

24) Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of performing these procedures.

Information Technology Disaster Recovery/Business Continuity

25) Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedures and discussed the results with management."

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the above procedures and discussed the results with management.

Sexual Harassment

- 26) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: For the 5 employees/officials selected, we were unable to observe documentation that each employee completed at least one hour of sexual harassment training during the calendar year.

- 27) Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: We were unable to observe that the City has posted its sexual harassment policy and complaint procedure.

- 28) Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: We were unable to observe the City's annual sexual harassment report.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Baton Rouge, LA
December 20, 2022

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: SAUP Agreed-Upon Procedures

The management of the City of Tallulah wishes to provide the following responses relative to the results of the 2022 statewide agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, the City will amend its written policies and procedures to address the missing categories.
- 2) In response to the Board section, the City Council will begin noting the review of the budget to actual comparisons in the City Council minutes.
- 3) In response to the results of the Collections procedures, management will amend its policies and procedures and will begin preparing a collection log on a daily basis.
- 4) In response to the results of the Credit Cards procedures, management will ensure that support is maintained and business purpose is documented on all future credit card charges. Management will also ensure that future credit card statements are paid timely in order to avoid finance charges.
- 5) In response to the results of the Ethics procedures, management will ensure that all employees and officials take the mandatory annual ethics training.
- 6) In response to the Sexual Harassment procedures, management will post the policy on its premises and on its website and will prepare the report prior to February 1st of each year. Management will ensure that all employees and officials take the annual training.

Sincerely,



Charles Finlayson
Mayor