

**CITY OF
TALLULAH, LOUISIANA**

Annual Financial Statements

As of and for the Year Ended June 30, 2025

CITY OF TALLULAH, LOUISIANA

Table of Contents

		<u>Page</u>
FINANCIAL SECTION		
INDEPENDENT AUDITOR’S REPORT		1 - 4
REQUIRED SUPPLEMENTARY INFORMATION		
Management's Discussion and Analysis (MD&A)		7 - 15
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements (GWFS)	<u>Statement</u>	
Statement of Net Position	A	17
Statement of Activities	B	19 - 20
Fund Financial Statements (FFS)		
Governmental Funds:		
Balance Sheet	C	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	26
Proprietary Fund Type - Enterprise Funds:		
Statement of Net Position	G	27
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29 - 30
Notes to the Financial Statements		
Index		32
Notes		33 - 55
	<u>Exhibit</u>	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of the Employer’s Proportionate Share of the Net Pension Liability	1-1	57
Schedule of Employer Contributions to Pension Plan	1-2	58
Notes to Required Supplementary Information for Pensions		59
Budgetary Comparison Schedules		60
Budgetary Comparison Schedule - General Fund	2-1	61
Budgetary Comparison Schedule – Section 8	2-2	62
Budgetary Comparison Schedule – American Rescue	2-3	63
Notes to the Budgetary Comparison Schedules		64

(Continued)

CITY OF TALLULAH, LOUISIANA

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION		
Comparative Information Required by Bond Covenant with the U.S. Department of Agriculture Comparative Statement of Net Position	3	68
Schedule of Compensation, Benefits, and Other Payments to Agency Head	4	69
Financial Data Schedules	5	70 - 71
Schedules as Required by Act 87 of the 2020 Regular Legislative Session		
Justice System Funding Schedule - Collecting/Disbursing Entity	6	72
Justice System Funding Schedule - Receiving Entity	7	73
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		74 - 75
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance		76 - 78
Schedule of Expenditures of Federal Awards		79
Notes to the Schedule of Expenditures of Federal Awards		80
Schedule of Findings and Questioned Costs		81 - 82
Schedule of Prior Audit Findings		83
		(Concluded)



Independent Auditor’s Report

The Honorable Yvonne Lewis, Mayor
and Members of the City Council
City of Tallulah, Louisiana

Unmodified and Disclaimer of Opinions

We have audited the financial statements of the governmental activities, each major governmental fund, the Water Fund, the Sewer Fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City) and we were engaged to audit the Magnolia Water Enterprise fund and the business type activities of the City, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City as listed in the table of contents.

We did not audit the financial statements of the Martin Luther King Apartments which is a fund of the Tallulah Housing Authority, the City of Tallulah, Louisiana’s discretely presented component unit, as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Martin Luther King apartments, is based solely on the report of the other auditors.

Summary of Opinions

<u>Opinion Unit</u>	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Disclaimer
Aggregate Discretely Presented Component Unit	Unmodified
General Fund	Unmodified
Section 8 Fund	Unmodified
American Resue Fund	Unmodified
LCDBG Capital Projects Fund	Unmodified
Water Fund	Unmodified
Magnolia Water Fund	Disclaimer
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinion on Business-type Activities and Magnolia Water Fund

We do not express an opinion on the financial statements of the business-type activities and the Magnolia Water Fund of the City of Tallulah, Louisiana. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the business-type activities and the Magnolia Water Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities and the Magnolia Water Fund.

Unmodified Opinions on Governmental Activities, Aggregate Discretely Presented Component Unit, Each Major Governmental Fund, the Water Fund, the Sewer Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund, the water fund, the sewer fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of the primary government of the City of Tallulah, Louisiana, as of June 30, 2025, 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 Disclaimer of Opinion on the Business-type Activities and Magnolia Water Fund

The Magnolia Water Fund accounts for Magnolia Water UOC's operation of the City of Tallulah, Louisiana's water system. As of the date of our audit report, the management of Magnolia Water UOC had not provided requested financial information to support the account balances of the Magnolia Water Fund. We were unable to apply audit procedures to the account balances of the Magnolia Water Fund. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary for the amounts in the statement of financial position, statement of revenues, expenses, and changes in fund net position and the statement of cash flows, respectively, of the City of Tallulah, Louisiana's proprietary fund financial statements.

Basis for Unmodified Opinions

We conducted our audits of the governmental activities, the aggregate discretely presented component unit, each major governmental fund, the water fund, the sewer fund, and the aggregate remaining fund information 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

Auditor's Responsibilities for the Audit of the Business-type Activities and Magnolia Water Fund

Our responsibility is to conduct an audit of the City of Tallulah, Louisiana's financial statement in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Disclaimer of Opinion on the business-type activities and the Magnolia Water Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities and the Magnolia Water Fund.

We are required to be independent of the City of Tallulah, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, Aggregate Discretely Presented Component Unit, Each Major Governmental Fund, the Water Fund, the Sewer Fund, and Aggregate Remaining Fund Information

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 to 2-3), 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 7) and the schedule of expenditures of federal awards, as required by Title 2 *U. S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements of Federal Awards*, is presented for purposes of additional analysis and is not a required part of the City's basic financial statements.

The comparative information required by bond covenant with the U.S. Department of Agriculture (Exhibit 3), the schedule of compensation, benefits, and other payments to agency head (Exhibit 4), the financial data schedules as required by the Department of Housing and Urban Development (Exhibit 5), the justice system funding schedule - collecting/disbursing entity, and the justice system funding schedule - receiving entity as required by Act 87 (Exhibits 6 and 7) and the schedule of expenditures of federal awards 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 29, 2025 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.



Baton Rouge, LA
December 29, 2025

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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, 2025

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, 2025.

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

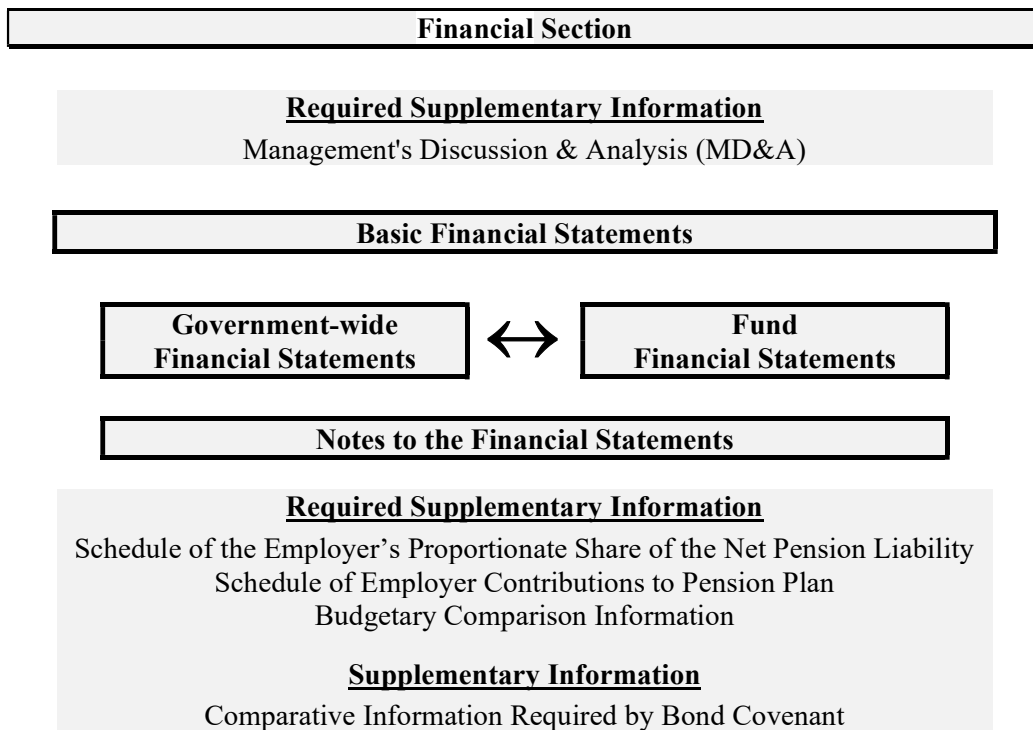
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$10.7 million (net position) for the government as a whole. Of this amount, \$847 thousand represents unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased \$12 thousand. The significant changes in the current year from prior year include a \$615 thousand decrease in charges for services, a \$498 thousand increase in operating and capital grants and contributions, \$914 thousand decrease in grants and contributions not restricted to a specific program, and a \$1.1 million increase in expenses. In the current fiscal year, the City's governmental activities received \$1.1 in federal grant funding for street and park improvements. The engineering and administration costs for these projects were paid by the City. The City also spent its remaining American Rescue grant funds on insurance (\$515 thousand) and water plant repairs (\$227 thousand). The business-type activities received \$687 thousand less in water and sewer customer fees in comparison with the prior year. Expenses increased \$643 thousand for governmental activities and \$438 thousand for business-type activities. The increases in expenses are primarily attributable to an increase in professional services, salary and benefit increases, and increases in repair and maintenance costs.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1.9 million, a decrease of \$107 thousand in comparison with the prior year. Approximately 97% of this amount (\$1.8 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year, the unassigned fund balance of the general fund was \$1.9 million, or approximately 50% of total general fund current year's expenditures.
- The City's total long-term debt decreased \$635 thousand. In the current fiscal year, the City's issued \$146 thousand in loans payable for 3 new police cars. During the current fiscal year, the governmental activities paid \$78 thousand, and the business-type activities paid \$704 thousand in bond and loan principal payments. The liability accrued for judgements payable decreased \$30 thousand. Compensated absences increased \$31 thousand.
- The Tallulah Housing Authority is a discretely presented component unit of the City. For the year ended December 31, 2024, the Housing Authority reported a positive change in net position of \$236,317.

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, Section 8, American Rescue, and LCDBG Capital Projects.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2025

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, 2025

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 \$10.7 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, 2025

Table 1
Net Position
(In Thousands)
June 30,

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 2,465	\$ 3,848	\$ 969	\$ 1,396	\$ 3,434	\$ 5,244
Restricted assets	-	8	1,326	1,459	1,326	1,467
Capital assets	4,134	2,873	12,451	12,937	16,585	15,810
Total assets	<u>6,599</u>	<u>6,729</u>	<u>14,746</u>	<u>15,792</u>	<u>21,345</u>	<u>22,521</u>
Total deferred outflows of resources	<u>168</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>168</u>	<u>95</u>
Liabilities						
Current and other liabilities	569	1,853	1,963	1,246	2,532	3,099
Long-term liabilities	910	730	7,370	8,072	8,280	8,802
Total liabilities	<u>1,479</u>	<u>2,583</u>	<u>9,333</u>	<u>9,318</u>	<u>10,812</u>	<u>11,901</u>
Total deferred inflows of resources	<u>50</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>76</u>
Net Position						
Net investment in capital assets	3,379	1,567	5,095	3,980	8,474	5,547
Restricted	62	114	1,268	1,381	1,330	1,495
Unrestricted	1,797	2,484	(950)	1,113	847	3,597
Total net position	<u>\$ 5,238</u>	<u>\$ 4,165</u>	<u>\$ 5,413</u>	<u>\$ 6,474</u>	<u>\$ 10,651</u>	<u>\$ 10,639</u>

By far, the largest portion of the City's net position (80%) 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 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$847 thousand is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The overall net position increased \$12 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, 2025

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 381	\$ 309	\$ 2,419	\$ 3,106	\$ 2,800	\$ 3,415
Operating grants and contributions	550	338	63	-	613	338
Capital grants and contributions	1,109	809	-	77	1,109	886
General revenues						
Property taxes	627	656	-	-	627	656
Sales tax	1,856	1,879	-	-	1,856	1,879
Other taxes, penalties and interest	338	318	-	-	338	318
License and permits	76	67	-	-	76	67
Grants and contributions not restricted to a program	902	1,816	-	-	902	1,816
Earnings on investments	24	47	39	44	63	91
Miscellaneous	35	72	15	22	50	94
Total Revenues	5,898	6,311	2,536	3,249	8,434	9,560
Functions/Program Expenses:						
General and administrative	1,031	875	-	-	1,031	875
Police department	1,302	1,048	-	-	1,302	1,048
Fire department	597	538	-	-	597	538
Street department	1,136	996	-	-	1,136	996
Health and welfare	285	215	-	-	285	215
Culture and recreation	134	160	-	-	134	160
Legislative	67	67	-	-	67	67
Transportation	22	35	-	-	22	35
Interest expense	24	21	-	-	24	21
Water	-	-	2,533	2,322	2,533	2,322
Sewer	-	-	1,291	1,064	1,291	1,064
Total Functions/Program Expenses	4,598	3,955	3,824	3,386	8,422	7,341
Increase (decrease) in net position before transfers	1,300	2,356	(1,288)	(137)	12	2,219
Transfers	(227)	(1,039)	227	1,039	-	-
Increase (decrease) in net position	1,073	1,317	(1,061)	902	12	2,219
Net position - beginning	4,165	2,848	6,474	5,572	10,639	8,420
Net position - ending	\$ 5,238	\$ 4,165	\$ 5,413	\$ 6,474	\$ 10,651	\$ 10,639

Governmental Activities

During the current fiscal year, net position of governmental activities increased \$1.1 million from the prior fiscal year for an ending balance of \$5.2 million. Governmental activities' revenues received for the current fiscal year decreased \$413 mainly due to the decrease in grants and contributions not restricted to a program (\$914 thousand) offset by an increase in operating and capital grants and contributions (\$512 thousand). The City received \$1.1 million in federal grants for street and park improvement projects and recognized the remaining balance of \$742 thousand in federal revenues from the American Rescue grant during the current fiscal year.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2025

Governmental activities expenses for 2025 and 2024 were \$4.6 million and \$4.0 million, respectively. The expenses of the general and administrative (\$156 thousand), police department (\$254 thousand), fire department (\$59 thousand), street department (\$140 thousand), health and welfare (\$70 thousand), and interest (\$3 thousand) expenses increased, while the expenses of culture and recreation (\$26 thousand), and transportation (\$13 thousand) decreased. The overall increase in expenses during the current year is primarily attributable to the increases in professional services, salaries and related benefits, and the overall increase in costs due to inflation.

As discussed above, the cost of all governmental activities this year was \$4.6 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.6 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 program's 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>	
	2025	2024	2025	2024
Governmental activities				
General and administrative	\$ 1,031	\$ 875	\$ 891	\$ 801
Police department	1,302	1,048	966	799
Fire department	597	538	469	512
Street department	1,136	996	229	174
Health and welfare	285	215	(26)	(50)
Culture and recreation	134	160	(84)	139
Legislative	67	67	67	67
Transportation	22	35	22	35
Interest expense	24	21	24	21
Total functions/program expenses	<u>\$ 4,598</u>	<u>\$ 3,955</u>	<u>\$ 2,558</u>	<u>\$ 2,498</u>

Business-type Activities

The net position of the business-type activities decreased \$1.1 million from the prior fiscal year for an ending balance of \$5.4 million.

Revenue of the City's business-type activities (see Table 2) for June 30, 2025 was \$2.5 million. This is a decrease of \$713 thousand from 2024 to 2025. Charges for services decreased by \$687 thousand. In February 2025 by the authority granted by the LDH joint receivership agreement, Magnolia Water UOC was contracted to operate the City's water system. The Magnolia Water fund accounts for Magnolia Water UOC's operation of the City of Tallulah's water system.

Expenses for the year ended June 30, 2025 were \$3.8 million for the City's business-type activities, an increase of \$438 thousand from the amount reported in 2024. In the current fiscal year, the City experienced increased maintenance costs due to inflation and the ageing condition of its water and sewer plants. During the current fiscal year, the City paid \$200 thousand to Bonton Associations for the City's portion of the Water fund's fiscal administrator fees.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2025

THE CITY'S FUNDS

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$1.9 million, which is a decrease of \$107 thousand in fund balance from last year.

The fund balance of the General fund decreased \$7 thousand. Revenues increased by \$160 thousand mainly due to the increase in intergovernmental (\$155 thousand) and in fines and forfeitures (\$62 thousand). The General fund's expenditures increased \$283 thousand due to mainly due increases in general and administrative (\$140 thousand), police department (\$86 thousand), and fire department (\$125 thousand) offset by a decrease in capital outlay (\$103 thousand). In the current fiscal year, the General fund experienced increased costs for professional services, purchased 3 new police vehicles with loan proceeds, and used American Rescue grant funds to cover \$516 thousand of General fund's insurance costs. Also in the current year, the City was awarded a \$500 thousand federal grant from the U.S. Environmental Protection Agency, the Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements grant. The Brownfields Program is a cost reimbursement grant that supports communities with addressing sites that are blighted, vacant and underutilized. Grant funding supports activities to determine if there are any environmental hazards and contamination on site, and if there are, how much, and where the contamination is located. The City spent \$73 thousand on the program in the current fiscal year. The City also received \$100,000 in state grants that were used to purchase fire equipment.

Section 8's fund balance increased \$4 thousand for an ending fund balance of \$62 thousand. HUD grant funding increased \$45 thousand from the amount received in the prior fiscal year. Expenditures increased from \$238 thousand to \$308 thousand mainly due to the increase in housing assistance payments.

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. The City spent the remaining \$742 thousand of its grant funding on the General fund's insurance expenses and transfers to the Water fund.

The LCDBG Capital Projects fund accounts for capital improvements that are funded by a federal Community Development Block Grant passed through the State of Louisiana. As of June 30, 2025, the City completed the Tank, University, and Florida street improvements and the Chester, Elm and Tampa street improvements projects and still has ongoing the City park improvements projects. During the current fiscal year, the City received \$945 thousand in grant funding. The remaining capital outlay expenditures were funded through transfers from the General (\$13 thousand), and the Nonmajor Governmental Street (\$160 thousand) funds.

The Nonmajor Governmental funds had a decrease of \$105 thousand primarily due to the Street fund transferring funds to the LCDBG Capital Projects fund to cover the administrative and engineering costs for the LCDBG street projects.

Proprietary Funds

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

The unrestricted net position at the end of the year was \$(958) thousand for the Water fund, \$(112) thousand for the Magnolia Water fund, and \$121 thousand for the Sewer fund. Net position restricted for debt service was \$957 thousand for the Water fund and \$311 thousand for the Sewer fund. The change in net position for Water and Sewer Funds was \$(509) thousand and \$(551) thousand, respectively.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2025

The Water fund's charges for services decreased \$817 thousand; however, expenses increased \$138 thousand in comparison with the prior year. The operation of the water plant was transferred to Magnolia Water in February 2025. The increase in expenses is mainly due to the increase in maintenance and professional services. During the current fiscal year, the City paid \$200 thousand to Bonton Associations for the City's portion of the Water fund's fiscal administrator fees. The American Rescue fund transferred to the Water fund \$227 thousand to assist with the fiscal administrator fees and water plant maintenance expenses.

The Magnolia Water fund was established in February 2025 to report Magnolia Water UOC's operation of the City of Tallulah's water plant. From mid-February to June 30, 2025, Magnolia Water reported \$205 thousand in water fees, incurred \$85 thousand in operating expenses, and transferred \$120 thousand into the City's debt service account. The reduction in the City's overall water fees is due to Magnolia Water not charging customers for March 2025 water usage and only charging the minimum usage fee for April 2025. Additionally, Magnolia Water continued to charge some of the larger water customers the minimum water usage fee.

The Sewer fund's charges for services decreased \$74 thousand and expenses increased \$231 thousand from the amounts reported in the prior year. Because sewer fees are based on water usage, sewer fees declined in the current year. In the current fiscal year, the Sewer fund experienced increased expenses in supplies, utilities, professional services, and depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual amounts available for appropriations were \$302 thousand more than budgeted. This favorable variance was primarily due to collecting more in other taxes, penalties, and interest (\$120 thousand), intergovernmental revenues (\$155 thousand), and loan proceeds (\$146 thousand) offset by collecting less in ad valorem revenues (\$147 thousand) than was expected.

Overall actual charges to appropriations were \$309 thousand more than budgeted. This unfavorable variance was due to the spending more for general and administrative and capital outlay expenditures than expected.

The original budgeted revenues were increased by \$1.9 million in the final budget by including the beginning fund balance in amounts available for appropriations. No revisions were made to the amounts budgeted for charges to appropriations.

CAPITAL ASSETS

At June 30, 2025 and 2024, the City had invested in the following capital assets (in thousands):

	Governmental Activities		Business-type		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 79	\$ 79	\$ 678	\$ 678	\$ 757	\$ 757
Construction in progress	392	1,429	1,025	913	1,417	2,342
Infrastructure	3,408	1,069	-	-	3,408	1,069
Buildings and improvement:	2,929	2,929	18	18	2,947	2,947
Furniture and equipment	2,660	2,299	1,025	1,025	3,685	3,324
Water plant and systems	-	-	11,599	11,599	11,599	11,599
Sewer plant and systems	-	-	8,073	8,074	8,073	8,074
Transmission lines	-	-	11,012	11,012	11,012	11,012
Total capital assets	<u>9,468</u>	<u>7,805</u>	<u>33,430</u>	<u>33,319</u>	<u>42,898</u>	<u>41,124</u>
Accumulated depreciation	<u>(5,334)</u>	<u>(4,932)</u>	<u>(20,979)</u>	<u>(20,382)</u>	<u>(26,313)</u>	<u>(25,314)</u>
Net capital assets	<u>\$ 4,134</u>	<u>\$ 2,873</u>	<u>\$ 12,451</u>	<u>\$ 12,937</u>	<u>\$ 16,585</u>	<u>\$ 15,810</u>

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2025

For the fiscal year ending June 30, 2025, significant governmental activities additions include the additions to infrastructure from the completed street improvement projects (\$2.3 million), \$221 thousand to the on-going LCDBG park improvement project, and the purchase of three new police cars purchased through loan proceeds (\$146 thousand). Additional information regarding capital assets can be found in Note 7 of the notes to the financial statements.

DEBT ADMINISTRATION At June 30, 2025, the City had \$7.9 million outstanding in bond and loan debt versus \$8.5 million at June 30, 2024 which is a decrease of 7%. See Note 11 of the notes to the financial statements for more information. The City's outstanding debt as of June 30, 2025 consisted of the following (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Water Revenue Bonds	\$ -	\$ -	\$ 4,985	\$ 5,595	\$ 4,985	\$ 5,595
Loans Payable	524	456	2,371	2,466	2,895	2,922
	<u>\$ 524</u>	<u>\$ 456</u>	<u>\$ 7,356</u>	<u>\$ 8,061</u>	<u>\$ 7,880</u>	<u>\$ 8,517</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 significant factors affecting the budget is our ad valorem and sales tax collections. Approximately 65% of total revenues in the General fund are from ad valorem and sales tax collections. The initial budget for the 2025-2026 fiscal year includes increases in both revenues and expenses. We have projected for the 2025-2026 fiscal year with no major uncertainties anticipated for the future.

On June 6, 2024, the Tallulah City Council voted to accept the Louisiana Department of Health's (LDH) offer of a Joint Receivership, whereby LDH would select a court appointed receiver to act as a fiscal administrator for the Tallulah Water Service. LDH subsequently entered into a contractual agreement with Bonton & Associates to act as the receiver for the Tallulah Water Service. Under the agreement, Bonton & Associates was required to submit to LDH by January 31, 2024, a sustainable course of action to rectify deficiencies listed in the LDH's January 2, 2019, Administrative Order. After a review of the Bonton & Associates report submitted to LDH and the Louisiana Governor's Office, a decision was made to place the Tallulah Water Plant under an Emergency Order and Magnolia Water UOC was contracted for one year (February 2025 to February 2026) as the official Operator of the Tallulah Water Plant. The Magnolia Water UOC/State of Louisiana contract mandated Magnolia Water UOC to provide long term, sustainable recommendations for the Tallulah Water Plant and to triage the Water Plant to ensure a catastrophic failure does not occur while the triage work takes place.

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, 2025

Statement A

Component
Unit

(December 31, 2024)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	Component Unit (December 31, 2024)
ASSETS				
Cash and cash equivalents	\$ 1,053,481	\$ -	\$ 1,053,481	\$ 82,502
Receivables, net	623,698	1,756,727	2,380,425	25,332
Internal balances	787,584	(787,584)	-	-
Restricted assets:				
Cash and cash equivalents	-	1,326,110	1,326,110	487,419
Capital assets:				
Land and construction in progress	470,734	1,703,176	2,173,910	38,008
Depreciable assets, net of depreciation	3,663,063	10,747,951	14,411,014	114,610
TOTAL ASSETS	6,598,560	14,746,380	21,344,940	747,871
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	168,207	-	168,207	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	168,207	-	168,207	
LIABILITIES				
Accounts and other payables	569,544	1,769,085	2,338,629	8,960
Interest payable	-	30,910	30,910	812
Payable from restricted assets - customer deposits	-	162,888	162,888	23,261
Noncurrent liabilities:				
Due within one year:				
Long-term debt: Bonds, notes, judgements, and compensated absences	187,008	741,346	928,354	42,760
Due in more than one year:				
Long-term debt: Bonds, notes, judgements, and compensated absences	415,988	6,628,771	7,044,759	896,745
Net pension liability	306,761	-	306,761	-
TOTAL LIABILITIES	1,479,301	9,333,000	10,812,301	972,538
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	49,887	-	49,887	-
TOTAL DEFERRED INFLOWS OF RESOURCES	49,887	-	49,887	-
NET POSITION				
Net investment in capital assets	3,379,000	5,094,875	8,473,875	(744,127)
Restricted for:				
Debt service	-	1,267,512	1,267,512	421,398
Section 8 program	62,350	-	62,350	-
Unrestricted	1,796,229	(949,007)	847,222	98,062
TOTAL NET POSITION	\$ 5,237,579	\$ 5,413,380	\$ 10,650,959	\$ (224,667)

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

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CITY OF TALLULAH

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<i>Governmental activities:</i>				
General and administrative	\$ 1,031,423	\$ 62,159	\$ 78,300	\$ -
Police department	1,301,666	305,564	30,107	-
Fire department	596,599	6,000	122,100	-
Street department	1,136,242	-	6,225	901,440
Health and welfare	284,875	-	311,364	-
Culture and recreation	133,667	7,175	2,262	207,904
Legislative	67,518	-	-	-
Transportation	22,130	-	-	-
Interest expense	24,201	-	-	-
Total Governmental Activities	<u>4,598,321</u>	<u>380,898</u>	<u>550,358</u>	<u>1,109,344</u>
<i>Business-type activities:</i>				
Water	2,533,368	1,691,553	63,079	-
Sewer	1,290,825	728,066	-	-
Total Business-Type Activities	<u>3,824,193</u>	<u>2,419,619</u>	<u>63,079</u>	<u>-</u>
Total Primary Government	<u>\$ 8,422,514</u>	<u>\$ 2,800,517</u>	<u>\$ 613,437</u>	<u>\$ 1,109,344</u>
Component Unit (for the year ended December 31, 2024)	<u>\$ 340,115</u>	<u>\$ 576,432</u>		

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			Component Unit For the Year Ended December 31, 2024
NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
Governmental Activities	Business-Type Activities	TOTAL	
\$ (890,964)	\$ -	\$ (890,964)	
(965,995)	-	(965,995)	
(468,499)	-	(468,499)	
(228,577)	-	(228,577)	
26,489	-	26,489	
83,674	-	83,674	
(67,518)	-	(67,518)	
(22,130)	-	(22,130)	
(24,201)	-	(24,201)	
<u>(2,557,721)</u>	<u>-</u>	<u>(2,557,721)</u>	
-	(778,736)	(778,736)	
-	(562,759)	(562,759)	
<u>-</u>	<u>(1,341,495)</u>	<u>(1,341,495)</u>	
<u>(2,557,721)</u>	<u>(1,341,495)</u>	<u>(3,899,216)</u>	
			\$ 236,317
516,995	-	516,995	
109,946	-	109,946	
1,855,571	-	1,855,571	
338,213	-	338,213	
75,413	-	75,413	
901,919	-	901,919	
23,999	39,203	63,202	
34,974	14,911	49,885	
(226,762)	226,762	-	
<u>3,630,268</u>	<u>280,876</u>	<u>3,911,144</u>	
1,072,547	(1,060,619)	11,928	
<u>4,165,032</u>	<u>6,473,999</u>	<u>10,639,031</u>	<u>(460,984)</u>
<u>\$ 5,237,579</u>	<u>\$ 5,413,380</u>	<u>\$ 10,650,959</u>	<u>\$ (224,667)</u>

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BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

CITY OF TALLULAH

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2025**

	GENERAL	SECTION 8	AMERICAN RESCUE	LCDBG CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL STREET	Statement C TOTAL
ASSETS:						
Cash and cash equivalents	\$ 285,094	\$ 57,618	\$ 599,935	\$ 50,173	\$ 60,661	\$ 1,053,481
Receivables	461,907	5,358	-	128,062	28,371	623,698
Interfund receivables	1,441,161	-	-	2,260	-	1,443,421
TOTAL ASSETS	2,188,162	62,976	599,935	180,495	89,032	3,120,600
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts and other payables	304,071	626	-	180,495	84,352	569,544
Interfund payables	2,260	-	599,935	-	53,642	655,837
TOTAL LIABILITIES	306,331	626	599,935	180,495	137,994	1,225,381
FUND BALANCES:						
Restricted	-	62,350	-	-	-	62,350
Unassigned	1,881,831	-	-	-	(48,962)	1,832,869
TOTAL FUND BALANCES	1,881,831	62,350	-	-	(48,962)	1,895,219
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,188,162	\$ 62,976	\$ 599,935	\$ 180,495	\$ 89,032	\$ 3,120,600

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, 2025**

Statement D

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

Total fund balances - governmental funds		\$ 1,895,219
--	--	--------------

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	\$ 9,468,037	
Accumulated depreciation	<u>(5,334,240)</u>	
		4,133,797

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	168,207	
Deferred inflows related to pensions	<u>(49,887)</u>	
		118,320

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, 2025 are:

Loans payable	(524,094)	
Judgements payable	(15,000)	
Compensated absences payable	(63,902)	
Net pension liability	<u>(306,761)</u>	
		<u>(909,757)</u>

Net position - governmental activities		\$ <u><u>5,237,579</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, 2025

						Statement E
	GENERAL	SECTION 8	AMERICAN RESCUE	LCDBG CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL STREET	TOTAL
REVENUES						
Taxes:						
Ad valorem	\$ 492,946	\$ -	\$ -	\$ -	\$ 133,995	\$ 626,941
Sales and use	1,855,571	-	-	-	-	1,855,571
Other taxes, penalties, and interest	338,213	-	-	-	-	338,213
Licenses and permits	75,413	-	-	-	-	75,413
Intergovernmental revenues	384,492	308,737	742,402	945,047	164,297	2,544,975
Rental income	7,175	-	-	-	-	7,175
Use of money and property	22,357	814	-	-	828	23,999
Fines and forfeitures	312,232	-	-	-	-	312,232
Miscellaneous revenues	123,378	3,082	-	-	-	126,460
TOTAL REVENUES	3,611,777	312,633	742,402	945,047	299,120	5,910,979
EXPENDITURES						
Current:						
General and administrative	1,002,063	-	34,708	-	-	1,036,771
Police department	993,632	-	153,503	-	-	1,147,135
Fire department	523,544	-	227,358	-	-	750,902
Street department	797,714	-	72,309	-	61,108	931,131
Health and welfare	-	308,140	-	-	-	308,140
Culture and recreation	100,191	-	27,762	-	-	127,953
Legislative	67,518	-	-	-	-	67,518
Transportation	22,130	-	-	-	-	22,130
Capital outlay	142,010	-	-	1,117,407	183,668	1,443,085
Debt service:						
Principal retirement	77,808	-	-	-	-	77,808
Interest and bank charges	24,201	-	-	-	-	24,201
Debt issuance costs	3,009	-	-	-	-	3,009
TOTAL EXPENDITURES	3,753,820	308,140	515,640	1,117,407	244,776	5,939,783
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(142,043)	4,493	226,762	(172,360)	54,344	(28,804)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	172,360	-	172,360
Transfers out	(12,826)	-	(226,762)	-	(159,534)	(399,122)
Loan proceeds	146,314	-	-	-	-	146,314
Insurance recoveries	1,844	-	-	-	-	1,844
TOTAL OTHER FINANCING SOURCES (USES)	135,332	-	(226,762)	172,360	(159,534)	(78,604)
Net Change in Fund Balances	(6,711)	4,493	-	-	(105,190)	(107,408)
FUND BALANCES - BEGINNING	1,888,542	57,857	-	-	56,228	2,002,627
FUND BALANCES - ENDING	\$ 1,881,831	\$ 62,350	\$ -	\$ -	\$ (48,962)	\$ 1,895,219

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

CITY OF TALLULAH

GOVERNMENTAL FUNDS

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025**

Statement F

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

Total net change in fund balances - governmental funds \$ (107,408)

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 capital outlay exceeds depreciation in the period:

Capital outlays	\$ 1,684,850	
Depreciation expense	<u>(424,348)</u>	
		1,260,502

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. (13,186)

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. 77,808

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). (28,855)

Some expenses reported in the Statement of Activities do not required the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.
Judgements payable 30,000

Debt proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. (146,314)

Change in net position of governmental activities \$ 1,072,547

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
Statement of Net Position
June 30, 2025

Statement G

	<u>WATER</u>	<u>MAGNOLIA WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
ASSETS				
CURRENT ASSETS:				
Receivables, net	\$ 50,000	\$ 1,578,976	\$ 127,751	\$ 1,756,727
Interfund receivables	89,276	-	97,732	187,008
Restricted Assets:				
Cash and cash equivalents	<u>1,015,154</u>	<u>-</u>	<u>310,956</u>	<u>1,326,110</u>
TOTAL CURRENT ASSETS	<u>1,154,430</u>	<u>1,578,976</u>	<u>536,439</u>	<u>3,269,845</u>
NONCURRENT ASSETS:				
Capital Assets:				
Land and construction in progress	978,691	111,606	612,879	1,703,176
Depreciable assets, net of depreciation	<u>854,432</u>	<u>-</u>	<u>9,893,519</u>	<u>10,747,951</u>
TOTAL NONCURRENT ASSETS	<u>1,833,123</u>	<u>111,606</u>	<u>10,506,398</u>	<u>12,451,127</u>
TOTAL ASSETS	<u>2,987,553</u>	<u>1,690,582</u>	<u>11,042,837</u>	<u>15,720,972</u>
LIABILITIES				
CURRENT LIABILITIES :				
Accounts and other payables	68,265	1,601,306	99,514	1,769,085
Interfund payables	882,960	89,276	2,356	974,592
Interest payable	30,910	-	-	30,910
Payable from restricted assets - customer deposits	162,888	-	-	162,888
Compensated absences	10,894	-	2,971	13,865
Revenue bonds payable - current	630,000	-	-	630,000
Loans payable - current	<u>-</u>	<u>-</u>	<u>97,481</u>	<u>97,481</u>
TOTAL CURRENT LIABILITIES	<u>1,785,917</u>	<u>1,690,582</u>	<u>202,322</u>	<u>3,678,821</u>
NONCURRENT LIABILITIES:				
Revenue bonds payable, net	4,355,000	-	-	4,355,000
Loans payable	<u>-</u>	<u>-</u>	<u>2,273,771</u>	<u>2,273,771</u>
TOTAL NONCURRENT LIABILITIES	<u>4,355,000</u>	<u>-</u>	<u>2,273,771</u>	<u>6,628,771</u>
TOTAL LIABILITIES	<u>6,140,917</u>	<u>1,690,582</u>	<u>2,476,093</u>	<u>10,307,592</u>
NET POSITION				
Net investment in capital assets	(3,151,877)	111,606	8,135,146	5,094,875
Restricted for debt service	956,556	-	310,956	1,267,512
Unrestricted	<u>(958,043)</u>	<u>(111,606)</u>	<u>120,642</u>	<u>(949,007)</u>
TOTAL NET POSITION	<u>\$ (3,153,364)</u>	<u>\$ -</u>	<u>\$ 8,566,744</u>	<u>\$ 5,413,380</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, 2025

Statement H

	<u>WATER</u>	<u>MAGNOLIA WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUES				
Charges for services	\$ 1,486,520	\$ 205,033	\$ 728,066	\$ 2,419,619
TOTAL OPERATING REVENUES	<u>1,486,520</u>	<u>205,033</u>	<u>728,066</u>	<u>2,419,619</u>
OPERATING EXPENSES				
Personnel services	497,327	-	99,918	597,245
Supplies	342,543	27,163	84,114	453,820
Maintenance	695,265	26,376	383,066	1,104,707
Utilities	139,892	-	120,279	260,171
Miscellaneous	179,357	-	10,942	190,299
Uniforms	9,043	-	2,854	11,897
Insurance	26,355	-	5,873	32,228
Professional services	253,056	31,124	92,298	376,478
Depreciation	211,736	-	385,536	597,272
TOTAL OPERATING EXPENSES	<u>2,354,574</u>	<u>84,663</u>	<u>1,184,880</u>	<u>3,624,117</u>
Operating income (loss)	<u>(868,054)</u>	<u>120,370</u>	<u>(456,814)</u>	<u>(1,204,498)</u>
NON OPERATING REVENUES/EXPENSES				
Intergovernmental revenues	63,079	-	-	63,079
Interest income	35,142	-	4,061	39,203
Interest expense & other charges	(94,083)	-	(105,993)	(200,076)
Other revenues	7,536	-	7,375	14,911
TOTAL NON OPERATING REVENUES/EXPENSES	<u>11,674</u>	<u>-</u>	<u>(94,557)</u>	<u>(82,883)</u>
Income (Loss) before transfers	<u>(856,380)</u>	<u>120,370</u>	<u>(551,371)</u>	<u>(1,287,381)</u>
TRANSFERS				
Transfers in	347,132	-	-	347,132
Transfers out	<u>-</u>	<u>(120,370)</u>	<u>-</u>	<u>(120,370)</u>
TOTAL TRANSFERS	<u>347,132</u>	<u>(120,370)</u>	<u>-</u>	<u>226,762</u>
Change in Net Position	<u>(509,248)</u>	<u>-</u>	<u>(551,371)</u>	<u>(1,060,619)</u>
NET POSITION - BEGINNING	<u>(2,644,116)</u>	<u>-</u>	<u>9,118,115</u>	<u>6,473,999</u>
NET POSITION - ENDING	<u>\$ (3,153,364)</u>	<u>\$ -</u>	<u>\$ 8,566,744</u>	<u>\$ 5,413,380</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, 2025

Statement I

	WATER	MAGNOLIA WATER	SEWER	TOTAL
CASH FLOW (USES) FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,786,769	\$ 216,340	\$ 732,485	\$ 2,735,594
Other receipts	-	15,636	-	15,636
Payments to employees	(425,576)	-	(79,116)	(504,692)
Payments to others	(1,176,986)	-	(613,671)	(1,790,657)
Net cash provided by (used for) operating activities	<u>184,207</u>	<u>231,976</u>	<u>39,698</u>	<u>455,881</u>
CASH FLOW (USES) FROM INVESTING ACTIVITIES				
Earnings on investments	<u>35,142</u>	<u>-</u>	<u>4,061</u>	<u>39,203</u>
Net cash provided by (used for) investing activities	<u>35,142</u>	<u>-</u>	<u>4,061</u>	<u>39,203</u>
CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and contributions	882,000	-	-	882,000
Other receipts	7,536	-	7,375	14,911
Transfers in	347,132	-	-	347,132
Transfers out	-	(120,370)	-	(120,370)
Net cash provided by (used for) noncapital financing activities	<u>1,236,668</u>	<u>(120,370)</u>	<u>7,375</u>	<u>1,123,673</u>
CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(882,640)	(111,606)	(13,250)	(1,007,496)
Principal payment bonds & loans payable	(610,000)	-	(94,331)	(704,331)
Interest & penalties paid on debt	(97,865)	-	(105,993)	(203,858)
Net cash provided by (used for) capital and related financing activities	<u>(1,590,505)</u>	<u>(111,606)</u>	<u>(213,574)</u>	<u>(1,915,685)</u>
Net increase (decrease) in cash and cash equivalents	(134,488)	-	(162,440)	(296,928)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,149,642</u>	<u>-</u>	<u>473,396</u>	<u>1,623,038</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,015,154</u>	<u>\$ -</u>	<u>\$ 310,956</u>	<u>\$ 1,326,110</u>
RECONCILIATION TO BALANCE SHEET				
Restricted assets - cash	<u>\$ 1,015,154</u>	<u>\$ -</u>	<u>\$ 310,956</u>	<u>\$ 1,326,110</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, 2025

	Statement I			
	WATER	MAGNOLIA WATER	SEWER	TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (868,054)	\$ 120,370	\$ (456,814)	\$ (1,204,498)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	211,736	-	385,536	597,272
(Increase) decrease in operating accounts receivable	300,824	(1,578,976)	4,419	(1,273,733)
(Increase) decrease in interfund receivable	-	-	45,582	45,582
Increase (decrease) in operating accounts payable	(42,649)	1,601,306	58,243	1,616,900
Increase (decrease) in compensated absences	2,028	-	376	2,404
Increase (decrease) in interfund payable	580,897	89,276	2,356	672,529
Increase (decrease) in deposits due others	(575)	-	-	(575)
Net cash provided by (used for) operating activities	<u>\$ 184,207</u>	<u>\$ 231,976</u>	<u>\$ 39,698</u>	<u>\$ 455,881</u>

(CONCLUDED)

The accompanying notes are an integral part of these financial statements

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CITY OF TALLULAH, LOUISIANA

Index

	<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	33
A. REPORTING ENTITY	33
B. FUND ACCOUNTING	34
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	36
D. BUDGET PRACTICES	36
E. CASH AND CASH EQUIVALENTS	36
F. INVESTMENTS	36
G. PREPAID EXPENSES	36
H. CAPITAL ASSETS	36
I. LONG-TERM DEBT	37
J. COMPENSATED ABSENCES	37
K. PENSIONS	37
L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES	37
M. RESTRICTED ASSETS	38
N. RISK MANAGEMENT	38
O. RESTRICTED NET POSITION	38
P. FUND EQUITY OF FUND FINANCIAL STATEMENTS	38
Q. INTERFUND TRANSACTIONS	39
R. USE OF ESTIMATES	39
S. ELIMINATION AND RECLASSIFICATIONS	39
NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	39
NOTE 3 - DEPOSITS AND INVESTMENTS	40
NOTE 4 - LEVIED TAXES	41
NOTE 5 - RECEIVABLES	41
NOTE 6 - INTERFUND TRANSACTIONS/BALANCES	42
NOTE 7 - CAPITAL ASSETS	42
NOTE 8 - PENSION PLANS	44
NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES	49
NOTE 10 - ON-BEHALF SUPPLEMENTAL PAY	49
NOTE 11 - LONG-TERM DEBT	49
NOTE 12 - PLEDGED REVENUES	53
NOTE 13 - COMMITMENTS AND CONTINGENCIES	53
NOTE 14 - RISK MANAGEMENT	54
NOTE 15 - FUND BALANCE CLASSIFICATION DETAILS	54
NOTE 16 - NEW GASB STATEMENTS	55

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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-three 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's 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 aggregate information on the funds maintained by the Tallulah Housing Authority.

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, 2025

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

LCDBG Capital Projects - accounts for capital projects funded primarily from Community Development Block Grants passed through the State of Louisiana.

Proprietary Funds

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. The Magnolia Water fund accounts for Magnolia Water UOC's (Magnolia) operation of the City of Tallulah's water system. The Louisiana Department of Health (LDH), by the authority granted by the LDH joint receivership agreement, entered into a one-year agreement (February 2025 to February 2026) with Magnolia to transfer the operations of the City's water system to Magnolia.

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 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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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.

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 funds 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, 2025

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, 2025

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 The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

Permanent, full-time employees receive from five to ten days of vacation leave each year depending on length of service. The City's policy permits employees to accumulate earned but unused vacation benefits. Employees who resign or retire are compensated for annual leave accumulated up 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.

Sick 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. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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 assets 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 assets 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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

M. RESTRICTED ASSETS Certain grants received by the City contained restrictions on spending for specific purposes. The 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 \$162,888 in payable from restricted assets - customer deposits, the actual restricted cash and cash equivalents for customer deposits equates to \$27,688. The Tallulah Housing Authority had \$487,419 in restricted cash at December 31, 2024 which is restricted for security deposits and loans and bonds payable.

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, 2025 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 the 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 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 specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

Restricted amounts are considered to have been spent first when an expenditure has been 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.

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 funds had actual expenditures over budgeted expenditures for the year-ended June 30, 2025.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,457,480	\$ 3,766,646	\$ (309,166)
Section 8	275,000	308,140	(33,140)
American Rescue	208,800	742,402	(533,602)

The City did not adopt revised budgets as needed to eliminate excess expenditures.

B. Deficit Fund Balance/Net Position The following fund had a deficit fund balance/net position at June 30, 2025:

<u>Fund</u>	<u>Deficit Amount</u>
Street	\$ 48,962
Water	3,153,364

The Street fund's deficit fund balance will be eliminated by reducing expenditures next fiscal year. The City projects that in the future with an improved or new water system customer fees will increase and maintenance costs will be reduced and will eventually eliminate the Water fund's deficit net position.

The Tallulah Housing Authority had a deficit in net position of \$224,667 at December 31, 2024

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following at June 30, 2025:

Petty Cash	\$	1,125
Demand deposits		1,391,000
Money market mutual funds		987,466
Total	\$	<u>2,379,591</u>

The Tallulah Housing Authority had cash and cash equivalents at December 31, 2024 of \$569,921 of which \$487,419 was restricted and \$82,502 was unrestricted.

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, 2025, the City's had a bank balance of \$1,492,104, in which \$992,105 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.

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, 2025:

Money market mutual funds of \$987,466 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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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. A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed in 2024. Total assessed value in calendar year 2024 was \$17,541,967. The Madison Parish Tax Assessor prepares tax statements for the City. Ad valorem taxes were levied in November 2024 with a due date and collection date of December 31, 2024 and a lien date of January 1, 2025.

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 Operations	6.33	6.33	Statutory
Police, Fire, Streets & Bridges	6.52	6.52	2032
General Purposes	8.08	8.08	2030
Streets, Roads, Drainage	7.63	7.63	2030

NOTE 5 - RECEIVABLES The following is a summary of receivables at June 30, 2025:

<u>Class of Receivables</u>	<u>General</u>	<u>Section 8</u>	<u>LCDBG Capitol Projects</u>	<u>Nonmajor Governmental Street</u>	<u>Total</u>
<u>Governmental Activities:</u>					
Governmental Funds:					
Taxes:					
Sales & use	\$ 139,517	\$ -	\$ -	\$ -	\$ 139,517
Other taxes	228	-	-	-	228
Intergovernmental	161,512	5,358	128,062	28,371	323,303
Other	160,650	-	-	-	160,650
Total Governmental Funds	<u>\$ 461,907</u>	<u>\$ 5,358</u>	<u>\$ 128,062</u>	<u>\$ 28,371</u>	<u>\$ 623,698</u>
<u>Business-type Activities:</u>					
Proprietary Funds:					
Intergovernmental	\$ 50,000	\$ 1,478,677	\$ -	\$ 1,528,677	
Water user fees	-	100,299	-	100,299	
Sewer user fees	-	-	133,122	133,122	
Gross receivables	50,000	1,578,976	133,122	1,762,098	
Less allowance for doubtful accounts	-	-	(5,371)	(5,371)	
Total Proprietary net receivables	<u>\$ 50,000</u>	<u>\$ 1,578,976</u>	<u>\$ 127,751</u>	<u>\$ 1,756,727</u>	

The Tallulah Housing Authority had receivables from tenants, net of allowance for doubtful accounts, of \$25,332 at December 31, 2024

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6 - INTERFUND TRANSACTIONS/BALANCES Individual balances due from/to other funds at June 30, 2025, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	American Rescue	\$ 599,935
General	Nonmajor Governmental Street	53,642
General	Water	785,228
General	Sewer	2,356
LCDBG Capital Projects	General	2,260
Sewer	Water	97,732
Water	Magnolia Water	89,276
Total		<u>\$ 1,630,429</u>

Interfund balances resulted from fund reimbursements and transfers not made before year-end. The amount owed to the General fund by the Water fund will not be paid within one year.

Transfers during the year were as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
LCDBG Capital Projects	General	\$ 12,826
LCDBG Capital Projects	Nonmajor Governmental Street	159,534
Water	American Rescue	226,762
Water	Magnolia Water	120,370
Total		<u>\$ 519,492</u>

The City transferred money from the General and Nonmajor Governmental Street funds to the LCDBG Capital Projects fund to provide funding for construction costs that will not be paid from LCDBG grant funding. The American Rescue transferred funds to the Water fund to cover professional fees and maintenance expenses. Magnolia Water transferred the amount required to be deposited into the Water fund's debt service account as required by the bond covenant.

NOTE 7 - CAPITAL ASSETS The changes in capital assets for the year ended June 30, 2025 are as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 78,500	\$ -	\$ -	\$ 78,500
Construction in progress	1,429,396	1,301,075	2,338,237	392,234
Total capital assets, not being depreciated	<u>1,507,896</u>	<u>1,301,075</u>	<u>2,338,237</u>	<u>470,734</u>
Depreciable assets:				
Infrastructure	1,069,484	2,338,237	-	3,407,721
Buildings and improvements	2,929,030	-	-	2,929,030
Furniture and equipment	2,298,400	383,775	21,623	2,660,552
Total capital assets, being depreciated	6,296,914	2,722,012	21,623	8,997,303
Less: accumulated depreciation	(4,931,515)	(424,348)	(21,623)	(5,334,240)
Depreciable capital assets, net	<u>1,365,399</u>	<u>2,297,664</u>	<u>-</u>	<u>3,663,063</u>
Total capital assets, net	<u>\$ 2,873,295</u>	<u>\$ 3,598,739</u>	<u>\$ 2,338,237</u>	<u>\$ 4,133,797</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

Discretely Presented Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 38,008	\$ -	\$ -	\$ 38,008
Total Capital Assets Not Being Depreciated	38,008	-	-	38,008
Capital Assets Being Depreciated				
Building and Building Improvements	2,150,072		-	2,150,072
Furniture and Equipment	107,140	44,284	-	151,424
Total Capital Assets Being Depreciated	2,257,212	44,284	-	2,301,496
Less: Accumulated Depreciation	(2,141,040)	(45,846)	-	(2,186,886)
Total Capital Assets Being Depreciated, Net	116,172	(1,562)	-	114,610
Total Capital Assets, Net	\$ 154,180	\$ (1,562)	\$ -	\$ 152,618

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 22,123
Police department	110,012
Fire department	74,456
Street department	210,397
Health and welfare	735
Culture and recreation	6,625
Total	\$ 424,348

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

	Balance Beginning	Additions	Deletions	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 678,330	\$ -	\$ -	\$ 678,330
Construction in progress	913,240	111,606	-	1,024,846
Total capital assets, not being depreciated	<u>1,591,570</u>	<u>111,606</u>	<u>-</u>	<u>1,703,176</u>
Depreciable assets:				
Building and improvements	18,139	-	-	18,139
Equipment	1,024,576	-	-	1,024,576
Water plant and systems	11,598,867	-	-	11,598,867
Sewer plant and systems	8,073,278	-	-	8,073,278
Water and sewer transmission lines	11,012,122	-	-	11,012,122
Total capital assets, being depreciated	31,726,982	-	-	31,726,982
Less accumulated depreciation	<u>(20,381,759)</u>	<u>(597,272)</u>	<u>-</u>	<u>(20,979,031)</u>
Depreciable capital assets, net	<u>11,345,223</u>	<u>(597,272)</u>	<u>-</u>	<u>10,747,951</u>
Total capital assets, net	<u>\$ 12,936,793</u>	<u>\$ (485,666)</u>	<u>\$ -</u>	<u>\$ 12,451,127</u>

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

Water	\$ 211,736
Sewer	385,536
Total	<u>\$ 597,272</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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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 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 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

For the year ended June 30, 2025, the actuarially determined employer contribution rate was 31.77% of member's compensation. However, the actual rate for employer contributions for fiscal year ending June 30, 2025 was 35.60%. 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 35.60% and 10%, respectively. The employer and employee contribution rates for all non-hazardous duty members hired after January 1, 2013 were 35.60% 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 38.10% and 7.5%, respectively. City of Tallulah's contributions to the MPERS for the year ended June 30, 2025 was \$36,792.

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 2025, the City recognized \$8,807 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, 2025, the City reported a liability of \$306,761 for its proportionate share of the MPERS's Net Pension Liability (NPL). The NPL was measured as of June 30, 2024, 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, 2024 as compared to the total of all employers' contributions to MPERS during the year ended 2024. As of June 30, 2024, the most recent measurement date, the City's proportions and the changes in proportion from the prior measurement date was 0.033859%, or an increase of 0.015453%.

For the year ended June 30, 2025, the City recognized a total pension expense of \$58,785 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	\$ 16,609	\$ 9,280
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	8,528	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,278	40,607
Employer contributions subsequent to the measurement date	36,792	-
Total	<u>\$ 168,207</u>	<u>\$ 49,887</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2026. 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>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
MPERS	\$ 21,422	\$ 42,942	\$ 22,543	\$ (5,379)

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2024
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
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 in cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. 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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 7.86% for the year ended June 30, 2024.

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

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.0%	3.14%
Fixed income	34.0%	1.07%
Alternative	14.0%	1.03%
Totals	100.0%	5.24%
Inflation		2.62%
Expected arithmetic return		7.86%

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, 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.

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	\$455,686	\$306,761	\$182,438

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, 2025, the City had \$4,735 in payables to MPERS for employee and employer legally required contributions.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 2025 and 2024 were \$23,500 and \$23,000 respectively. For participants aged 50 and over, an additional catch up \$7,500 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, 2025, the City made employer contributions of \$61,125 and employee contributions of \$13,245. At June 30, 2025, the City had no payables to the 457 plan for employee or employer contributions.

NOTE 9 - ACCOUNTS AND OTHER PAYABLES The accounts and other payables at fiscal year ended June 30, 2025 are as follows:

Fund	Accounts	Construction & Retainage	Wages	Judgements	Total
General	\$ 255,744	\$ -	\$ 43,327	\$ 5,000	\$ 304,071
Section 8	626	-	-	-	626
LCDBG Capital Projects	-	180,495	-	-	180,495
Nonmajor Governmental: Street	34,144	50,208	-	-	84,352
Water	63,227	-	5,038	-	68,265
Magnolia Water	1,601,306	-	-	-	1,601,306
Sewer	96,214	-	3,300	-	99,514
Total	<u>\$ 2,051,261</u>	<u>\$ 230,703</u>	<u>\$ 51,665</u>	<u>\$ 5,000</u>	<u>\$ 2,338,629</u>

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 \$41,400 is recognized as intergovernmental revenue and public safety expenditures. Of the \$41,400 recognized, the State paid \$19,800 to City police officers and \$21,600 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 loans payable were issued for the purpose of the acquisition of major capital asset additions for the police and fire departments and are paid from excess revenues of 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 12 for additional information on pledged revenues.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

During the year ended June 30, 2025, 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	\$ 455,588	\$ 146,314	\$ 77,808	\$ 524,094	\$ 108,106
Judgements payable	45,000	-	30,000	15,000	15,000
Compensated absences *	35,047	28,855	-	63,902	63,902
Total	<u>\$ 535,635</u>	<u>\$ 175,169</u>	<u>\$ 107,808</u>	<u>\$ 602,996</u>	<u>\$ 187,008</u>

During the year ended, the Tallulah Housing Authority's changes in long-term debt were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Notes and Loans Payable	\$ 939,535	\$ -	\$ (30)	\$ 939,505	\$ 42,760

* The change in compensated absences above is a net change for the year.

During the year ended June 30, 2025, the following changes occurred in business-type activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Direct borrowings & placements:					
Revenue bonds	\$ 5,595,000	\$ -	\$ 610,000	\$ 4,985,000	\$ 630,000
Loans payable	2,465,583	-	94,331	2,371,252	97,481
Compensated absences *	11,461	2,404	-	13,865	13,865
Total	<u>\$ 8,072,044</u>	<u>\$ 2,404</u>	<u>\$ 704,331</u>	<u>\$ 7,370,117</u>	<u>\$ 741,346</u>

* The change in compensated absences above is a net change for the year.

Judgements Payable: On February 1, 2023, the City's governmental activities settled an outstanding legal claim for \$115,000. The judgement settlement required the City to pay \$25,000 upon settlement and \$2,500 per month for 36 months beginning March 1, 2023. At June 30, 2025, the ending liability for judgements payable was \$20,000; however, the current portion that accounts for two months after year end is included in accounts payable of \$5,000 in the governmental funds balance sheet (Statement C).

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

The following is a summary of long-term debt transactions for the year ended June 30, 2025:

	<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	\$ 226,752	
2024 Police Cars	9/25/2023	2/25/2028	6.130%	245,902	151,028	
2025 Police Cars	9/6/2024	9/6/2029	6.060%	143,305	146,314	
Business-type activities						
Revenue Bonds:						
Water Revenue Refunding Bonds Series 2021	7/29/2021	9/1/2032	1.85%	7,095,000		\$ 4,985,000
Loans payable:						
Sewer Rehab Phase I	9/6/2006	9/6/2046	4.375%	2,660,000		1,963,849
Sewer Rehab Phase II	9/6/2006	9/6/2046	4.375%	500,000		369,183
Sewer Equipment - Case Farnall Tractor	5/28/2021	6/1/2026	3.990%	57,344		11,356
Sewer Equipment - Kobelco Excavator	12/16/2021	12/16/2026	4.500%	82,850		26,864
Totals					<u>524,094</u>	<u>7,356,252</u>
Current Portion of Debt					<u>(108,106)</u>	<u>(727,481)</u>
Total Long Term Portion of Debt					<u>\$ 415,988</u>	<u>\$ 6,628,771</u>

The annual requirements to amortize all outstanding debt at June 30, 2025 are as follows:

<u>Year</u>	<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>
2026	\$ 108,106	\$ 25,503	\$ 630,000	\$ 86,395	\$ 97,481	\$ 101,795
2027	113,693	19,916	635,000	74,694	80,632	97,778
2028	119,582	14,026	650,000	62,807	74,663	94,465
2029	69,149	7,823	665,000	50,644	77,997	91,131
2030	72,216	4,755	675,000	38,249	81,477	87,651
2031-2035	41,348	1,548	1,730,000	41,717	465,303	380,337
2036-2040	-	-	-	-	578,848	266,792
2041-2045	-	-	-	-	720,102	125,538
2046-2047	-	-	-	-	194,749	5,446
Total	<u>\$ 524,094</u>	<u>\$ 73,571</u>	<u>\$ 4,985,000</u>	<u>\$ 354,506</u>	<u>\$ 2,371,252</u>	<u>\$ 1,250,933</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

The annual requirements to amortize Tallulah Housing Authority outstanding debt at December 31, 2024 are as follows:

Year Ending December 31,	Interest		Total
2025	\$ 42,760	\$ 9,427	\$ 52,187
2026	47,229	8,717	55,946
2027	52,197	7,964	60,161
2028	14,019	7,166	21,185
2029	14,865	6,320	21,185
2030 - 2034	87,782	17,192	104,974
2035 - 2039	112,406	-	112,406
2040 - 2044	148,912	-	148,912
2045 - 2049	133,482	-	133,482
2050-2054	285,853	-	285,853
Current Total	\$ 939,505	\$ 56,786	\$ 996,291

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.

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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

For the fiscal year ended June 30, 2025, the Water fund combined with Magnolia Water fund had a net loss of \$(509,248). 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 2025.

Required Debt Reserves: The required debt reserves and amounts reserved as of June 30, 2025 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	\$ 926,005	\$ 987,466
Sewer Fund:			
Sewer Rehab Phase I	2,660,000	267,075	-
Sewer Rehab Phase II	500,000	50,175	310,956
Total Sewer Fund	3,160,000	317,250	310,956
Total Business-Type Activities	\$10,255,000	\$ 1,243,255	\$ 1,298,422

NOTE 12 - PLEDGED REVENUES The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$4,985,000 in water revenue bonds payable and \$2,371,252 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 ending 2033 for the Water fund and fiscal year ending 2047 for the Sewer fund. Total principal and interest remaining to be paid on the water and sewer revenue bonds/loans payable are \$5,339,506 and \$3,622,185, respectively. Water principal and interest paid for the current year was \$704,803 and total net revenue (loss) per Statement H for Water and Magnolia Water was \$(736,010). The sewer principal and interest paid for the current year was \$200,324 and total net revenue (loss) per Statement H was \$(551,371). 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.

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.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

On October 22, 2020, the City Council approved a water plant rehabilitation project that would address all issues listed in the administrative order. The project specifications and plans were approved by LDHH and USDA and the project was sent out for bid proposals. The City received one proposal which was opened on December 14, 2024; however, the proposal exceeded the available funding by approximately \$3 million.

On June 6, 2024, the Tallulah City Council voted to accept the Louisiana Department of Health's (LDH) offer of a Joint Receivership, whereby LDH would select a court appointed receiver to act as a fiscal administrator for the Tallulah Water Service. LDH subsequently entered into a contractual agreement with Bonton & Associates to act as the receiver for the Tallulah Water Service. Under the agreement, Bonton & Associates was required to submit to LDH by January 31, 2024, a sustainable course of action to rectify deficiencies listed in the LDH's January 2, 2019 Administrative Order. After a review of the Bonton & Associates report submitted to LDH and the Louisiana Governor's Office, a decision was made to place the Tallulah Water Plant under an Emergency Order and Magnolia Water UOC was contracted for one year (February 2025 to February 2026) as the official operator of the Tallulah Water Plant. The Magnolia Water UOC/State of Louisiana contract mandated Magnolia Water UOC to provide long term, sustainable recommendations for the Tallulah Water Plant and to triage the Water Plant to ensure a catastrophic failure does not occur while the triage work takes place.

Magnolia Water UOC decided, without the input of the City of Tallulah, to not charge for any water usage for the month of March 2025 and to only charge minimum water usage for the month of April 2025. Additionally, over the next several months, some of the larger water customers were only charged the minimum usage, which caused an additional loss of water and sewer fees. These decisions were made without input from the City of Tallulah and have caused a financial loss for the City in terms of sewer revenue fees which are based on water usage.

Construction Commitments: The City is involved in several projects as of June 30, 2025 which include the Ethel Street drainage project, the water plant rehabilitation project, and the LCDBG park improvements project. At June 30, 2025, the City had approximately \$208 thousand remaining on the contract for the LCDBG park improvements project.

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:

	General	Section 8	Nonmajor Governmental Street	Total
Restricted for:				
Section 8 program	\$ -	\$ 62,350	\$ -	\$ 62,350
Unassigned	1,881,831	-	(48,962)	1,832,869
Total	<u>\$ 1,881,831</u>	<u>\$ 62,350</u>	<u>\$ (48,962)</u>	<u>\$ 1,895,219</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 16 - NEW GASB STANDARDS In the current fiscal year, the City implemented Statement No. 101 - *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. In additions to the value of unused vacation time owed to employees upon separation of employment, the Police Jury now recognizes an estimated of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences The adoption of this standard did not have a material impact on beginning net position and therefore was not restated.

The City also implemented Statement No. 102 - *Certain Risk Disclosures*, issued by the Government Accounting Standards Board. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The adoption of this standard had no impact on the City's financial statements or notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2025

Exhibit 1-1

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

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate share of the Net Pension Liability (Asset)	Employer's 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					
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%
2023	0.028230%	288,561	79,960	361%	70.80%
2024	0.018406%	194,459	62,371	312%	71.30%
2025	0.033859%	306,761	120,269	255%	75.84%

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

See accompanying notes to required supplementary information for pensions.

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2025

Exhibit 1-2

Schedule of Employer Contributions to Pension Plan
Last Ten Years

Fiscal Year*	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Employer's Covered Payroll
Municipal Police Employees' Retirement System					
2016	\$ 26,802	\$ 26,802	-	\$ 90,854	29.500%
2017	34,991	34,991	-	109,566	31.936%
2018	62,604	62,604	-	203,590	30.750%
2019	44,121	44,121	-	136,810	32.250%
2020	33,162	33,162	-	102,036	32.500%
2021	29,908	29,908	-	88,615	33.750%
2022	23,788	23,788	-	79,960	29.750%
2023	19,491	19,491	-	62,371	31.250%
2024	40,801	40,801	-	120,269	33.925%
2025	36,792	36,792	-	103,348	35.600%

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

See accompanying notes to required supplementary information for pensions.

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2025

Notes to Required Supplementary Information for Pensions

Changes of assumptions: 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,							
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 to 2025	2021 to 2024	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 - 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 - 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 - accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

CITY OF TALLULAH

GENERAL
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

Exhibit 2-1

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ 1,888,542	\$ 1,888,542	\$ -
Resources (inflows)				
Taxes:				
Ad valorem	640,000	640,000	492,946	(147,054)
Sales and use	1,864,660	1,864,660	1,855,571	(9,089)
Other taxes, penalties, and interest	217,850	217,850	338,213	120,363
Licenses and permits	73,920	73,920	75,413	1,493
Intergovernmental revenues	229,900	229,900	384,492	154,592
Rental income	13,000	13,000	7,175	(5,825)
Use of money and property	3,600	3,600	22,357	18,757
Fines and forfeitures	256,800	256,800	312,232	55,432
Miscellaneous revenues	145,750	145,750	123,378	(22,372)
Transfers from other funds	12,000	12,000	-	(12,000)
Loan proceeds	-	-	146,314	146,314
Insurance recoveries	-	-	1,844	1,844
	<u>3,457,480</u>	<u>5,346,022</u>	<u>5,648,477</u>	<u>302,455</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	744,265	744,265	1,002,063	(257,798)
Police department	1,000,295	1,000,295	993,632	6,663
Fire department	530,420	530,420	523,544	6,876
Street department	828,550	828,550	797,714	30,836
Culture and recreation	132,550	132,550	100,191	32,359
Legislative	67,900	67,900	67,518	382
Transportation	36,000	36,000	22,130	13,870
Capital outlay	-	-	142,010	(142,010)
Debt service:				
Principal retirement	92,000	92,000	77,808	14,192
Interest and bank charges	13,500	13,500	24,201	(10,701)
Debt issuance costs	-	-	3,009	(3,009)
Transfers to other funds	12,000	12,000	12,826	(826)
	<u>3,457,480</u>	<u>3,457,480</u>	<u>3,766,646</u>	<u>(309,166)</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ 1,888,542	\$ 1,881,831	\$ (6,711)

See accompanying notes to required supplementary information for Budgetary Comparison Schedules.

CITY OF TALLULAH

SECTION 8
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

Exhibit 2-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 30,000	\$ 57,857	\$ 57,857	\$ -
Resources (inflows)				
Intergovernmental revenues	275,000	275,000	308,737	33,737
Use of money and property	-	-	814	814
Miscellaneous revenues	-	-	3,082	3,082
Amounts available for appropriations	<u>305,000</u>	<u>332,857</u>	<u>370,490</u>	<u>37,633</u>
Charges to appropriations (outflows)				
Current:				
Health and welfare	<u>275,000</u>	<u>275,000</u>	<u>308,140</u>	<u>(33,140)</u>
Total charges to appropriations	<u>275,000</u>	<u>275,000</u>	<u>308,140</u>	<u>(33,140)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 30,000</u>	<u>\$ 57,857</u>	<u>\$ 62,350</u>	<u>\$ 4,493</u>

See accompanying notes to required supplementary information for Budgetary Comparison Schedules.

CITY OF TALLULAH

AMERICAN RESCUE
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

Exhibit 2-3

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 3,300,000	\$ -	\$ -	\$ -
Resources (inflows)				
Intergovernmental revenues	-	-	742,402	742,402
Use of money and property	30,000	30,000	-	(30,000)
Amounts available for appropriations	3,330,000	30,000	742,402	712,402
Charges to appropriations (outflows)				
Current:				
General and administrative	-	-	34,708	(34,708)
Police department	-	-	153,503	(153,503)
Fire department	-	-	227,358	(227,358)
Street department	-	-	72,309	(72,309)
Culture and recreation	-	-	27,762	(27,762)
Transfers to other funds	208,800	208,800	226,762	(17,962)
Total charges to appropriations	208,800	208,800	742,402	(533,602)
BUDGETARY FUND BALANCES, ENDING	\$ 3,121,200	\$ (178,800)	\$ -	\$ 178,800

See accompanying notes to required supplementary information for Budgetary Comparison Schedules.

City of Tallulah

**Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025**

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 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 major special revenue funds had actual expenditures over budgeted expenditures for the year ended June 30, 2025:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,457,480	\$ 3,766,646	\$ (309,166)
Section 8	275,000	308,140	(33,140)
American Rescue	208,800	742,402	(533,602)

The City did not adopt revised budgets as needed to eliminate excess expenditures.

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>AMERICAN RESCUE</u>
<u>Sources/inflows of resources:</u>			
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 5,648,477	\$ 370,490	\$ 742,402
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,888,542)	(57,857)	-
Loan proceeds are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(146,314)	-	-
Insurance recoveries are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(1,844)	-	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,611,777</u>	<u>\$ 312,633</u>	<u>\$ 742,402</u>
<u>Uses/outflows of resources:</u>			
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 3,766,646	\$ 308,140	\$ 742,402
Transfers to other funds classified and expenditures for budgetary purposes and as an operating transfer for financial reporting	(12,826)	-	(226,762)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,753,820</u>	<u>\$ 308,140</u>	<u>\$ 515,640</u>

See independent auditor's report.

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SUPPLEMENTARY INFORMATION

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

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

SEWER FUND

Comparative Statement of Net Position

June 30, 2025 and 2024

Exhibit 3

	2025	2024
	SEWER	SEWER
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ -	\$ 163,551
Receivables, net	127,751	132,170
Interfund receivables	97,732	143,314
Restricted Assets:		
Cash and cash equivalents	310,956	309,845
TOTAL CURRENT ASSETS	<u>536,439</u>	<u>748,880</u>
NONCURRENT ASSETS:		
Capital Assets:		
Land and construction in progress	612,879	612,879
Depreciable assets, net of depreciation	9,893,519	10,279,055
TOTAL NONCURRENT ASSETS	<u>10,506,398</u>	<u>10,891,934</u>
TOTAL ASSETS	<u>11,042,837</u>	<u>11,640,814</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts and other payables	99,514	54,521
Interfund payables	2,356	-
Compensated absences	2,971	2,595
Loans payable - current	97,481	94,332
TOTAL CURRENT LIABILITIES	<u>202,322</u>	<u>151,448</u>
NONCURRENT LIABILITIES:		
Loans payable	2,273,771	2,371,251
TOTAL NONCURRENT LIABILITIES	<u>2,273,771</u>	<u>2,371,251</u>
TOTAL LIABILITIES	<u>2,476,093</u>	<u>2,522,699</u>
NET POSITION		
Net investment in capital assets	8,135,146	8,413,101
Restricted for debt service	310,956	309,845
Unrestricted	120,642	395,169
TOTAL NET POSITION	<u>\$ 8,566,744</u>	<u>\$ 9,118,115</u>

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

CITY OF TALLULAH

**Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2025**

Exhibit 4

Agency Head

Previous Mayor Charles M. Finlayson

Purpose	Amount
Salary	\$65,523
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$2,520
Car Allowance	\$4,800
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

CITY OF TALLULAH

**Financial Data Schedule
Program Balance Sheet Summary
June 30, 2025**

Exhibit 5

Submission Type: unaudited

Fiscal Year End : 06/30/2025

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
112 Cash - Unrestricted	\$ 57,618	\$ 57,618
112.1 Cash - Restricted	-	-
124 Accounts Receivable - Other Gov't	5,358	5,358
190 Total Assets	<hr/>	<hr/>
	\$ 62,976	\$ 62,976
312 Accounts Payable <= 90 Days	626	626
342 Unearned Revenue	-	-
347 Inter Program - Due To	-	-
300 Total Liabilities	<hr/>	<hr/>
	626	626
512.1 Unrestricted Net Assets	54,485	54,485
512.2 Restricted Net Assets	7,865	7,865
513 Total Equity/Net Assets	<hr/>	<hr/>
	62,350	62,350
600 Total Liabilities and Equity/Net Assets	<hr/>	<hr/>
	\$ 62,976	\$ 62,976

(Continued)

CITY OF TALLULAH, LOUISIANA

CITY OF TALLULAH

**Financial Data Schedule
Program Revenue and Expenses Summary
As of and For the Year Ended June 30, 2024**

Exhibit 5

Submission Type: unaudited

Fiscal Year End : 06/30/2025

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
70800 HUD PHA Operating Grants	\$ 308,737	\$ 308,737
71100 Investment Income - Unrestricted	814	814
71500 Other Revenue	3,082	3,082
	<hr/>	<hr/>
	312,633	312,633
91600 Office Expenses	29,612	29,612
91800 Travel	-	-
91900 Other	-	-
	<hr/>	<hr/>
96900 Total Operating Expenses	29,612	29,612
97000 Excess of Operating Revenue over Operating Expenses	283,021	283,021
97300 Housing Assistance Payments	230,984	230,984
97300 Tenant Protected	29,770	29,770
97350 HAP Portability-In	17,774	17,774
	<hr/>	<hr/>
90000 Total Expenses	278,528	278,528
10000 Excess (Deficiency) of Total Revenue Over (under) Total	4,493	4,493
11030 Beginning Equity	57,857	57,857
	<hr/>	<hr/>
11170 Administrative Fee Equity	62,350	62,350
11180 Housing Assistance Payments Equity	-	-

(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, 2024 and June 30, 2025**

Exhibit 6

	First Six- Month Period Ended 12/31/2024	Second Six- Month Period Ended 6/30/2025
Beginning Balance of Amounts Collected	\$ 10,419	\$ 25,690
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	92,700	113,624
Bond Fees	8,225	25,328
Criminal Court Costs/Fees	9,505	15,248
Service/Collection Fees (e.g., credit card fees, report fees, third-party service fees)	1,486	2,437
Subtotal Collections	111,916	156,637
Less: Amounts Disbursed to Governments and Nonprofits		
Louisiana Commission on Law Enforcement - Post Fees	-	-
Louisiana Commission on Law Enforcement - Crime Victims	-	-
Northeast Crime Lab - Lab Fees	-	-
State of Louisiana, Treasurer - CMIS Fees	-	-
Louisiana Commission on Law Enforcement - Trust Fund	-	-
Less: Amounts Retained by Collecting Agency		
Self-Disbursed: Bond Fees	8,225	25,328
Self-Disbursed: Criminal Court Costs/Fees	9,505	15,248
Self-Disbursed: Civil Fines - Other	77,050	105,976
Self-Disbursed: Service/Collection Fees	1,486	2,437
Less: Disbursements to Individuals/Third-Party Collection or Processing Agencies		
Civil Fee Refunds	305	677
Bond Fee Refunds	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to Third-Party Collection/Processing Agencies	74	-
Subtotal Disbursements/Retainage	96,645	149,666
Ending Balance of Amounts Collected but not Disbursed/Retained	\$ 25,690	\$ 32,661
Other Information		
Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers during the Fiscal Period	\$ -	\$ -

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, 2024 and June 30, 2025**

Exhibit 7

	First Six- Month Period Ended 12/31/2024	Second Six- Month Period Ended 6/30/2025
Receipts from:		
LA Department of Public Safety and Corrections - Bond Settlement Fees	<u>\$ 163</u>	<u>\$ 150</u>
Subtotal Receipts	<u>\$ 163</u>	<u>\$ 150</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 Yvonne Lewis, 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, 2025, 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 29, 2025.

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

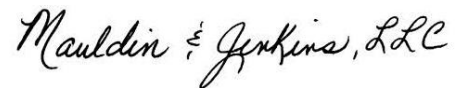
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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* and is described as item 2025-001 in the accompanying schedule of findings and questioned costs.

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.



Baton Rouge, LA
December 28, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

The Honorable Yvonne Lewis, Mayor
and the Members of the City Council
City of Tallulah, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited the City of Tallulah's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance requirements relevant to the audit and design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

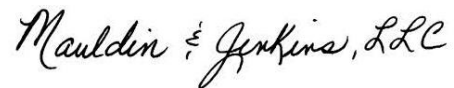
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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.



Baton Rouge, LA
December 28, 2025

City of Tallulah
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor Identifying Number	Federal Expenditures
United States Department of Housing and Urban Development			
Direct Program:			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871		\$ 308,737
Total Housing Voucher Cluster			<u>308,737</u>
Passed Through Louisiana Department of Administration:			
Community Development Block Grant - States Program	14.228	2000813624	737,143
COVID-19 Community Development Block Grant - States Program	14.228	2000727053	<u>207,904</u>
Total United States Department of Housing and Urban Development			945,047
United States Department of the Treasury			
Direct Program:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		742,402
Delta Regional Authority			
Direct Program:			
Delta Area Economic Development	90.201		164,297
United States Environmental Protection Agency			
Direct Program:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		72,677
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Cooperative Forestry Assistance	10.664	2025 VFATFD	<u>4,673</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,237,833</u></u>

The accompanying notes are an integral part of this schedule.

City of Tallulah
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Tallulah, Louisiana. The City of Tallulah (the "City") reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the City's fund financial statements as follows:

General Fund: Intergovernmental revenues	\$ 77,350
Section 8: Intergovernmental revenues	308,737
American Rescue: Intergovernmental revenues	742,402
LCDBG Capital Projects: Intergovernmental revenues	945,047
Nonmajor Governmental: Intergovernmental revenues	<u>164,297</u>
Total	<u><u>\$ 2,237,833</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. Federal awards do not include the City's operating income from rents or investment (or other non-federal source). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended during the fiscal year."

NOTE 6 - INDIRECT COST RATE The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF TALLULAH, LOUISIANA
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2025

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. Management letter	Yes

Federal Awards

3. Internal control over major programs	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
4. Type of auditor’s report issued on compliance for each major program	Unmodified
5. Audit findings disclosed that are required in accordance with Section 2 CFR 200.516(a)	None Reported
6. Identification of major programs	

**Assistance Listing
Number**

Community Development Block Grant	14.228
Coronavirus State and Local Fiscal Recovery Funds	21.027
7. Dollar threshold used to distinguish between Type A and B programs	\$750,000
8. Auditee qualified as a low-risk auditee under 2 CFR 200.520	No

CITY OF TALLULAH, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For Year Ended June 30, 2025

B. Findings - Financial Statement Audit

2025-001 Laws Affecting Budgeting

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 adopted for the General Fund and each special revenue fund. During the year ended June 30, 2025, the City did not adopt a budget for the upcoming fiscal year. The actual expenditures exceeded budgeted expenditures by five percent or more for fiscal year 2025 for the General Fund, the Section 8 Fund and the American Rescue fund. The City failed to amend its budget during the fiscal year.

Cause: Unknown.

Effect: The City did comply with the Local Governmental Budget Act in regards to budgeting for the upcoming fiscal year and amending the current year budget.

Recommendation: We recommend that the City advance their timeline for the preparation of budget proposals and amendments to earlier in the fiscal year to allow for sufficient time for public inspection and improve timeliness.

Management's Response: The City of Tallulah will begin the budgeting process NLT 90 days prior to the June 30th to ensure the municipality meets the required deadline..

C. Other Matters

None.

**CITY OF TALLULAH, LOUISIANA Schedule
of Prior Audit Findings
For Year Ended June 30, 2025**

2024-001 Failure to Adopt Budget

This finding has not been resolved. See finding 2025-001.



December 17, 2025

To the City Council of the City of Tallulah

In planning and performing our audit of the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Tallulah (the City) as of and for the year ended June 30, 2025 in accordance with auditing standards generally accepted in the United States of America, we considered the City of Tallulah's system of internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of compliance and internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies that we consider to be control deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 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.

The following are descriptions of identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Reconciliation of Subledgers

Observation

In its testing of police ticket fees and utility billings for the year ended June 30, 2025, M&J noted variances when reconciling the trial balance to the underlying billing detail.

Recommendation

We recommend that the City review and update their tracking of police ticket fees and reconcile ticket billings monthly to ensure more timely recognition of differences and improve the reconciliation process. Likewise, we recommend that the City reconcile monthly the utility billing register.

Management Response

The City will institute monthly billing reconciliations.

This communication is intended solely for the information and use of management and City Council of the City of Tallulah, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Mauldin & Jenkins, LLC



AGREED-UPON PROCEDURES REPORT

City of Tallulah, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2024 - June 30, 2025

To the Honorable Yvonne Lewis
and Members of the City Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The City of Tallulah, Louisiana (the City) management 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 period July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a 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 findings are as follows:

1) Board or Finance Committee

- A. 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:
 - i. 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.

- ii. 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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. 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.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: We performed procedure i and iv with no exceptions. While performing procedure II, we observed the budget-to-actual report is submitted to the Council and reviewed quarterly, 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 iii is not applicable as the City did not have a negative unassigned fund balance in the prior year.

2) **Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. 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: We observed that each of the bank reconciliations tested did not have evidence of review of management/board member. We observed no other exceptions a result of performing these procedures.

3) ***Collections (excluding electronic funds transfers)***

- A. 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 5 deposit sites (or all deposit sites if less than 5).
- B. 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., 5 collection locations for 5 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:
- i. Employees that are responsible for cash collections do not share cash drawers/ registers.
 - ii. 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.
 - iii. 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.
 - iv. 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/official verifies the reconciliation.
- C. 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.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2A 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).

- v. Trace the actual deposit per the bank statement to the general ledger.

Results: Although the client retains a physical collections log, we were not able to trace items to the collections log and therefore determined it to be incomplete for testing purposes. We observed no other exceptions in the performance of these procedures.

4) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. 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.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) 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:
 - i. 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) were 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.]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #4B 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 Procedure (A) with no exceptions. We assessed there were late fees for 1 out of the 5 credit cards tested. We determined that for 1 out of the 5 credit cards tested, there was no evidence of approval in writing by someone other than the authorized cardholder. We observed that an itemized receipt was not provided for 1 credit card charge tested. We also observed that the City does not retain receipts for fuel purchases.

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

- A. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. 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.
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We observed no exceptions as a result of performing these procedures.

6) ***Payroll and Personnel***

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #6A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. 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: We observed no exceptions in the performance of these procedures.

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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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 other 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 performed on those C/C areas identified in the SAUPs, and the result 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 LLA as a public document.

Mauldin & Jenkins, LLC

Baton Rouge, LA
December 28, 2025