

**CITY OF  
TALLULAH, LOUISIANA**

**Annual Financial Statements**

**As of and for the Year Ended June 30, 2023**





**CITY OF TALLULAH, LOUISIANA**

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# CITY OF TALLULAH, LOUISIANA

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## **Independent Auditor's Report**

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

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, the schedule of employer's proportionate share of the net pension liability (Exhibit 1-1), the schedule of employer contributions to pension plan (Exhibit 1-2), and the budgetary comparison schedules (Exhibits 2-1 and 2-2), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

*Other Supplementary Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
December 19, 2023

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**REQUIRED SUPPLEMENTARY INFORMATION:**

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

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**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

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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, 2023.

This report presents the financial information of the City's activity of the primary government and its discretely presented component unit.

**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 \$8.4 million (net position) for the government as a whole. Of this amount, \$1.8 million represents unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased \$822 thousand. The main reason for this increase is a \$210 thousand increase in charges for services, a \$141 thousand increase in sales tax collections, and a \$127 thousand decrease in expenses. In the current fiscal year, the City's governmental activities received \$96 thousand more fines and forfeitures and the business-type activities received \$108 thousand more in water and sewer customer fees in comparison with the prior year. Expenses for the governmental activities increased \$114 thousand mainly due the City settling a legal claim against the City for \$115 thousand while the business-type activities' expenses decreased \$241 thousand mainly because there were no bond issuance costs in the fiscal year 2023 and due to a reduction in water plant depreciation expenses.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1.9 million, an increase of \$344 thousand in comparison with the prior year. Approximately 91% of this amount (\$1.7 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 \$1.7 million, or approximately 53% of total general fund expenditures.
- The City's total long-term debt decreased \$694 thousand. In the current fiscal year, the City's governmental activities settled an outstanding legal claim for \$115 thousand. The settlement required the City to pay \$25 thousand upon settlement and \$2,500 per month for 36 months beginning March 1, 2023. At June 30, 2023, the outstanding long-term portion of judgements payable was \$75 thousand. During the current fiscal year, the governmental activities paid \$68 thousand, and the business-type activities paid \$706 thousand in bond and loan principal payments. The liability accrued for compensated absences increased \$5 thousand.
- The Tallulah Housing Authority is a discretely presented component unit of the City. For the year ended June 30, 2023, the Housing Authority reported a negative change in net position of \$90,269.

## **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, and American Rescue.

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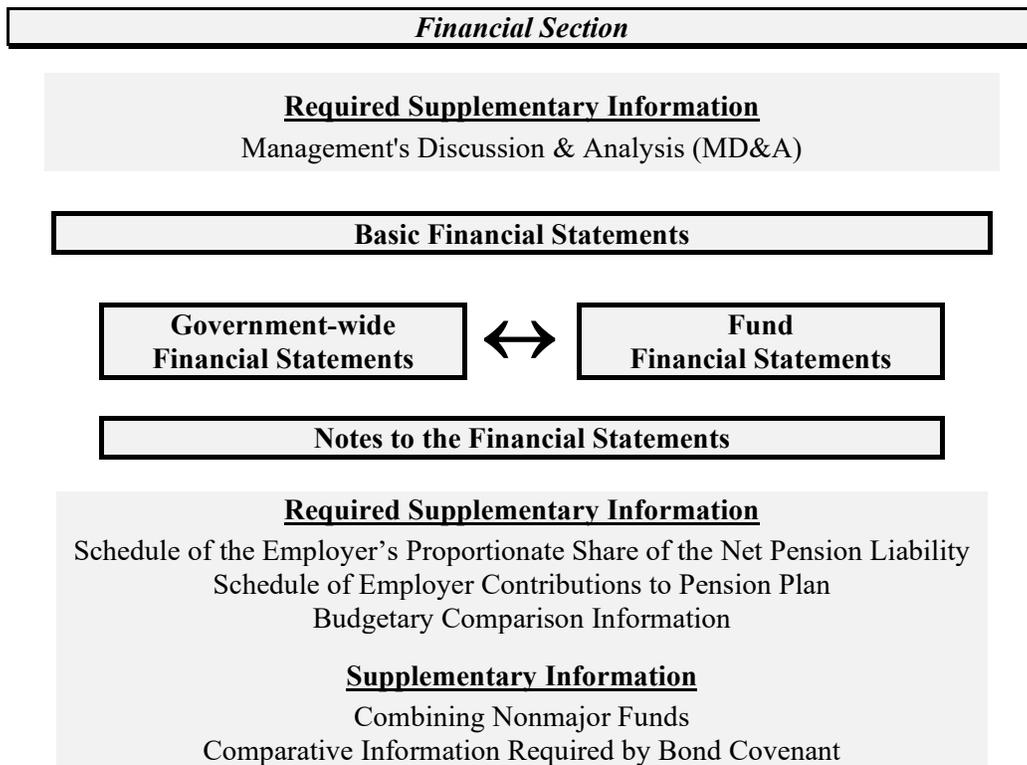
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**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

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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.

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**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

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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 \$8.4 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, 2023**

**Table 1**  
**Net Position**  
**(In Thousands)**  
**June 30,**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 4,440	\$ 3,011	\$ 610	\$ 701	\$ 5,050	\$ 3,712
Restricted assets	-	4	1,515	1,492	1,515	1,496
Capital assets	1,671	1,765	12,560	12,667	14,231	14,432
Total assets	<u>6,111</u>	<u>4,780</u>	<u>14,685</u>	<u>14,860</u>	<u>20,796</u>	<u>19,640</u>
Total deferred outflows of resources	108	44	-	-	108	44
<b>Liabilities</b>						
Current and other liabilities	2,589	1,461	340	388	2,929	1,849
Long-term liabilities	729	557	8,773	9,479	9,502	10,036
Total liabilities	<u>3,318</u>	<u>2,018</u>	<u>9,113</u>	<u>9,867</u>	<u>12,431</u>	<u>11,885</u>
Total deferred inflows of resources	53	201	-	-	53	201
<b>Net Position</b>						
Net investment in capital assets	1,341	1,368	3,751	3,200	5,092	4,568
Restricted	169	227	1,346	1,329	1,515	1,556
Unrestricted	1,338	1,010	475	464	1,813	1,474
Total net position	<u>\$ 2,848</u>	<u>\$ 2,605</u>	<u>\$ 5,572</u>	<u>\$ 4,993</u>	<u>\$ 8,420</u>	<u>\$ 7,598</u>

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

An additional portion of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1.8 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The overall net position increased \$822 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, 2023**

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 423	\$ 321	\$ 2,872	\$ 2,764	\$ 3,295	\$ 3,085
Operating grants and contributions	370	357	26	45	396	402
Capital grants and contributions	-	38	448	466	448	504
General revenues						
Property taxes	626	606	-	-	626	606
Sales tax	1,880	1,739	-	-	1,880	1,739
Other taxes, penalties and interest	331	333	-	-	331	333
License and permits	75	69	-	-	75	69
Grants and contributions not restricted to a program	185	205	-	-	185	205
Earnings on investments	32	1	26	-	58	1
Miscellaneous	62	45	20	19	82	64
<b>Total Revenues</b>	<b>3,984</b>	<b>3,714</b>	<b>3,392</b>	<b>3,294</b>	<b>7,376</b>	<b>7,008</b>
<b>Functions/Program Expenses:</b>						
Governmental activities						
General and administrative	900	748	-	-	900	748
Police department	826	827	-	-	826	827
Fire department	526	511	-	-	526	511
Street department	935	992	-	-	935	992
Health and welfare	210	196	-	-	210	196
Culture and recreation	116	112	-	-	116	112
Legislative	67	66	-	-	67	66
Transportation	40	55	-	-	40	55
Interest expense	17	16	-	-	17	16
Business-type activities						
Water enterprise	-	-	1,879	2,219	1,879	2,219
Sewer enterprise	-	-	1,038	939	1,038	939
<b>Total Functions/Program Expenses</b>	<b>3,637</b>	<b>3,523</b>	<b>2,917</b>	<b>3,158</b>	<b>6,554</b>	<b>6,681</b>
<b>Increase (decrease) in net position before transfers</b>	<b>347</b>	<b>191</b>	<b>475</b>	<b>136</b>	<b>822</b>	<b>327</b>
<b>Transfers</b>	<b>(104)</b>	<b>(175)</b>	<b>104</b>	<b>175</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>243</b>	<b>16</b>	<b>579</b>	<b>311</b>	<b>822</b>	<b>327</b>
<b>Net position - beginning</b>	<b>2,605</b>	<b>2,589</b>	<b>4,993</b>	<b>4,682</b>	<b>7,598</b>	<b>7,271</b>
<b>Net position - ending</b>	<b>\$ 2,848</b>	<b>\$ 2,605</b>	<b>\$ 5,572</b>	<b>\$ 4,993</b>	<b>\$ 8,420</b>	<b>\$ 7,598</b>

**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

***Governmental Activities***

During the current fiscal year, net position of governmental activities increased \$243 thousand from the prior fiscal year for an ending balance of \$2.8 million. Governmental activities' revenues received for the current fiscal year increased \$270 thousand mainly due to the increase in charges for services: fines and forfeitures (\$96 thousand) and an increase in sales tax collections (\$141 thousand).

Governmental activities expenses for 2023 and 2022 were \$3.6 million and \$3.5 million, respectively. General and administrative (\$152 thousand), fire department (\$15 thousand), health and welfare (\$14 thousand), culture and recreation (\$4 thousand), legislative (\$1 thousand), and interest (\$1 thousand) expenses increased, while the expenses of the police department (\$1 thousand), street department (\$57 thousand), and transportation (\$15 thousand) decreased. The increase in general and administrative expenses is mainly due to the increase in legal settlements expenses during the current fiscal year.

As discussed above, the cost of all governmental activities this year was \$3.6 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.8 million because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of the City's governmental activities as well as each 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>	
	2023	2022	2023	2022
<b>Governmental activities</b>				
General and administrative	\$ 900	\$ 748	\$ 702	\$ 664
Police department	826	827	509	572
Fire department	526	511	480	446
Street department	935	992	929	948
Health and welfare	210	196	(10)	(15)
Culture and recreation	116	112	111	56
Legislative	67	66	67	66
Transportation	40	55	40	55
Interest expense	17	16	17	16
<b>Total functions/program expenses</b>	<u>\$ 3,637</u>	<u>\$ 3,523</u>	<u>\$ 2,845</u>	<u>\$ 2,808</u>

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**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

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***Business-type Activities***

The net position of the business-type activities increased \$579 thousand from the prior fiscal year for an ending balance of \$5.6 million.

Revenue of the City's business-type activities (see Table 2) for June 30, 2023 was \$3.4 million. This is an increase of \$98 thousand from 2022 to 2023. Charges for services increased \$108 thousand due to an increase in water rates, while grants and contributions decreased \$37 thousand. In the current fiscal year, the City received \$448 thousand from a state grant for capital improvements to construct a new water well.

Expenses for the year ended June 30, 2023 were \$2.9 million for the City's business-type activities, a decrease of \$241 thousand from the amount reported in 2022. The primary reasons for this change is due to a decrease in depreciation (\$218 thousand) and professional services (\$200 thousand) expenses offset by an increase in supplies (\$55 thousand), maintenance (\$60 thousand), and utility (\$58 thousand) expenses. In the current fiscal year, the City experienced an increase in costs for supplies, repairs and maintenance and utilities. In the prior fiscal year, the City paid \$186 thousand in bond issuance cost due to the issuance of Water Revenue Refunding Series 2021.

**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 an increase of \$344 thousand in fund balance from last year.

The fund balance of the General fund increased \$402 thousand from the \$1.3 million reported in the prior fiscal year to \$1.7 million. Revenues increased \$221 thousand mainly due to the increase in sales tax collections (\$141 thousand) and in fines and forfeitures (\$96 thousand). The General fund's expenditures decreased \$121 thousand due to mainly due decreases in capital outlay (\$181 thousand) offset by an increase in general and administrative expenditures (\$78 thousand). In the current fiscal year, the General fund purchased a used truck for the street department and equipment for the fire department. During the prior fiscal year, the City purchased a new truck for the police chief, refinanced the existing fire truck and purchased a used fire truck with the loan proceeds, and purchased a used dump truck for the street department.

Section 8's fund balance decreased \$11 thousand for an ending fund balance of \$30 thousand. HUD grant funding increased \$3 thousand from the amount received in the prior fiscal year. Expenditures increased from \$218 thousand to \$232 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. As of June 30, 2023, the City has deferred \$2.4 million in grant funding. The City plans on spending the grant on maintenance and operations including water and sewer improvement projects.

The Nonmajor Governmental funds had a decrease of \$47 thousand primarily due to the Street fund transferring funds to the Capital Projects fund to cover the administrative and engineering costs for the LCDBG street project.

***Proprietary Funds***

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

**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

The unrestricted net position of the Water fund at the end of the year was \$15 thousand and for the Sewer fund was \$460 thousand. Net position restricted for debt service was \$1.1 million for the Water fund and \$288 thousand for the Sewer fund. The change in net position for Water and Sewer Funds was \$735 thousand and \$(156) thousand, respectively.

The Water fund's charges for services increased \$188 thousand while expenses decreased \$381 thousand in comparison with the prior year. The decrease in expenses is mainly due to the decrease in professional services and depreciation expenses. In the prior fiscal year, the City paid \$186 thousand in bond issuance cost due to the issuance of Water Revenue Refunding Series 2021.

The Sewer fund's charges for services decreased \$80 thousand while expenses increased \$101 thousand from the amounts reported in the prior year. In the current fiscal year, the Sewer fund experienced increased costs in personnel services, supplies, maintenance, and utilities.

The American Rescue fund transferred to the Water fund (\$54 thousand) and to the Sewer fund (\$50 thousand) to assist with plant maintenance expenses.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual amounts available for appropriations were \$579 thousand more than budgeted. This favorable variance was primarily due to collecting more in sales and use tax, other taxes, penalties, and interest, and fines and forfeitures revenues than was expected.

Overall actual charges to appropriations were \$117 thousand more than budgeted. This unfavorable variance was due to spending more on general and administrative and street repairs and maintenance than expected after the budget had been amended.

The original budgeted revenues were increased by \$83 thousand in the final budget whereas the original budgeted expenditures were increased by \$60 thousand in the final budget. The budget revisions included the increases in amounts available for appropriation from beginning fund balance and increases in charges to appropriations for general and administrative and capital outlay.

**CAPITAL ASSETS**

At June 30, 2023 and 2022, the City had invested in the following capital assets (in thousands):

	Governmental Activities		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 79	\$ 79	\$ 678	\$ 678	\$ 757	\$ 757
Construction in progress	249	151	582	88	831	239
Infrastructure	1,069	1,069	-	-	1,069	1,069
Buildings and improvement:	2,929	2,961	18	18	2,947	2,979
Furniture and equipment	2,055	2,073	1,007	1,006	3,062	3,079
Water plant and systems	-	-	11,113	11,113	11,113	11,113
Sewer plant and systems	-	-	7,866	7,866	7,866	7,866
Transmission lines	-	-	11,002	10,963	11,002	10,963
Total capital assets	6,381	6,333	32,266	31,732	38,647	38,065
Accumulated depreciation	(4,710)	(4,568)	(19,706)	(19,065)	(24,416)	(23,633)
Net capital assets	\$ 1,671	\$ 1,765	\$ 12,560	\$ 12,667	\$ 14,231	\$ 14,432

**City of Tallulah**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**

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

**DEBT ADMINISTRATION** At June 30, 2023, the City had \$9.1 million outstanding in bond and loan debt versus \$9.9 million at June 30, 2022 which is a decrease of 8%. See Note 11 of the notes to the financial statements for more information. The City's outstanding debt at June 30, 2023 consisted of the following (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Water Revenue Bonds	\$ -	\$ -	\$ 6,205	\$ 6,825	\$ 6,205	\$ 6,825
Loans Payable	330	397	2,556	2,642	2,886	3,039
	<u>\$ 330</u>	<u>\$ 397</u>	<u>\$ 8,761</u>	<u>\$ 9,467</u>	<u>\$ 9,091</u>	<u>\$ 9,864</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS** Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. Approximately 66% of total revenues in the General fund are from ad valorem and sales tax collections. The initial budget for the 2023-2024 fiscal year includes increases in both revenues and expenses. We have projected for the 2023-2024 fiscal year with no major uncertainties anticipated for the future.

On January 2, 2019, the City was placed under an Administrative Order (AO) by the Louisiana Department of Health (LDDH). The AO states that the City was non-compliant with several state primary drinking water regulations. The AO lists remedial actions that the City must undertake by specific deadlines to comply with all rules, regulations, and standards. On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order, however the City anticipates the project costs will increase significantly due to the increases in construction costs since the approval date. The City anticipates funding the water plant rehabilitation with a \$5 million IJIA Water Sector Program federal grant, a USDA loan (\$4.0 million), a USDA grant (\$3.8 million) and the American Rescue Act Plan funds. The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been approved by LDHH and USDA. The project's bids will be opened on December 14, 2023.

On October 22, 2023, the City entered into a \$1.2 million construction contract for rehabilitating portions of Tank, University, and Florida streets. Funding for the street improvement project will be funded by a \$799 thousand LCDBG federal grant and by the General fund's and Street fund's local revenues.

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

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

**BASIC FINANCIAL STATEMENTS:**

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

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CITY OF TALLULAH

STATEMENT OF NET POSITION  
June 30, 2023

				Statement A
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	COMPONENT UNIT (December 31, 2022)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,121,578	\$ 196,131	\$ 4,317,709	\$ 37,874
Receivables, net	285,876	446,923	732,799	5,824
Internal balances	32,952	(32,952)	-	-
Restricted assets:				
Cash and cash equivalents	-	1,515,199	1,515,199	\$ 209,312
Capital assets:				
Land and construction in progress	327,375	1,260,240	1,587,615	-
Depreciable assets, net of depreciation	1,343,263	11,299,882	12,643,145	198,181
<b>TOTAL ASSETS</b>	<b>6,111,044</b>	<b>14,685,423</b>	<b>20,796,467</b>	<b>451,191</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	107,790	-	107,790	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>107,790</b>	<b>-</b>	<b>107,790</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts and other payables	198,308	141,135	339,443	75,379
Unearned revenue	2,390,860	-	2,390,860	-
Interest payable	-	38,264	38,264	917
Payable from restricted assets - customer deposits	-	161,156	161,156	19,313
Noncurrent liabilities:				
Due within one year:				
Long-term debt: Bonds, notes, judgements, and compensated absences	135,095	712,129	847,224	35,117
Due in more than one year:				
Long-term debt: Bonds, notes, judgements, and compensated absences	304,917	8,060,584	8,365,501	978,272
Net pension liability	288,561	-	288,561	-
<b>TOTAL LIABILITIES</b>	<b>3,317,741</b>	<b>9,113,268</b>	<b>12,431,009</b>	<b>1,108,998</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	53,033	-	53,033	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>53,033</b>	<b>-</b>	<b>53,033</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,340,874	3,751,460	5,092,334	(780,091)
Restricted for:				
Debt service	-	1,345,748	1,345,748	-
Section 8 program	29,910	-	29,910	-
Maintenance and operations	490	-	490	-
Street maintenance	138,564	-	138,564	-
Construction projects	66	-	66	-
Unrestricted	1,338,156	474,947	1,813,103	122,284
<b>TOTAL NET POSITION</b>	<b>\$ 2,848,060</b>	<b>\$ 5,572,155</b>	<b>\$ 8,420,215</b>	<b>\$ (657,807)</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**CITY OF TALLULAH**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

<b>FUNCTIONS/PROGRAMS</b>	<b>PROGRAM REVENUES</b>			
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>
<i>Governmental activities:</i>				
General and administrative	\$ 900,009	\$ 114,520	\$ 83,092	\$ -
Police department	825,783	292,856	24,280	-
Fire department	525,261	9,500	35,200	-
Street department	935,126	-	6,225	-
Health and welfare	210,529	-	220,941	-
Culture and recreation	116,561	5,725	-	-
Legislative	66,856	-	-	-
Transportation	39,564	-	-	-
Interest expense	17,305	-	-	-
Total Governmental Activities	3,636,994	422,601	369,738	-
<i>Business-type activities:</i>				
Water activities	1,879,372	2,083,545	-	447,836
Sewer activities	1,037,603	788,064	25,947	-
Total Business-Type Activities	2,916,975	2,871,609	25,947	447,836
Total Primary Government	\$ 6,553,969	\$ 3,294,210	\$ 395,685	\$ 447,836
Component Unit (For the year ended December 31, 2022)	\$ 386,304	\$ 47,770	\$ 248,266	\$ -

General revenues:

Taxes:

Property taxes levied for general purposes

Property taxes levied for fire protection

Sales and use tax revenue

Other taxes, penalties and interest

Licenses and permits

Grants and contributions not restricted to a specific program

Earnings on investments

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning

Net position - ending

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement B

PRIMARY GOVERNMENT			
NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
Governmental Activities	Business-Type Activities	TOTAL	Component Unit
\$ (702,397)	\$ -	\$ (702,397)	\$ -
(508,647)	-	(508,647)	-
(480,561)	-	(480,561)	-
(928,901)	-	(928,901)	-
10,412	-	10,412	-
(110,836)	-	(110,836)	-
(66,856)	-	(66,856)	-
(39,564)	-	(39,564)	-
(17,305)	-	(17,305)	-
<u>(2,844,655)</u>	<u>-</u>	<u>(2,844,655)</u>	<u>-</u>
-	652,009	652,009	-
-	(223,592)	(223,592)	-
-	428,417	428,417	-
<u>(2,844,655)</u>	<u>428,417</u>	<u>(2,416,238)</u>	<u>-</u>
-	-	-	(90,268)
522,728	-	522,728	-
103,268	-	103,268	-
1,879,714	-	1,879,714	-
330,753	-	330,753	-
75,417	-	75,417	-
185,256	-	185,256	-
32,611	26,256	58,867	-
62,788	19,886	82,674	-
(104,430)	104,430	-	-
<u>3,088,105</u>	<u>150,572</u>	<u>3,238,677</u>	<u>-</u>
243,450	578,989	822,439	(90,268)
<u>2,604,610</u>	<u>4,993,166</u>	<u>7,597,776</u>	<u>(567,539)</u>
<u>\$ 2,848,060</u>	<u>\$ 5,572,155</u>	<u>\$ 8,420,215</u>	<u>\$ (657,807)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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**BASIC FINANCIAL STATEMENTS:**

**FUND FINANCIAL STATEMENTS (FFS)**

CITY OF TALLULAH

GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2023

Statement C

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>AMERICAN RESCUE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,522,240	\$ 26,581	\$ 2,419,094	\$ 153,663	\$ 4,121,578
Receivables	282,329	3,547	-	-	285,876
Interfund receivables	174,133	-	-	6,541	180,674
<b>TOTAL ASSETS</b>	<u>1,978,702</u>	<u>30,128</u>	<u>2,419,094</u>	<u>160,204</u>	<u>4,588,128</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts and other payables	188,735	218	-	9,355	198,308
Unearned revenue	-	-	2,390,860	-	2,390,860
Interfund payables	107,759	-	27,744	12,219	147,722
<b>TOTAL LIABILITIES</b>	<u>296,494</u>	<u>218</u>	<u>2,418,604</u>	<u>21,574</u>	<u>2,736,890</u>
<b>FUND BALANCES:</b>					
Restricted	-	29,910	490	138,630	169,030
Unassigned	1,682,208	-	-	-	1,682,208
<b>TOTAL FUND BALANCES</b>	<u>1,682,208</u>	<u>29,910</u>	<u>490</u>	<u>138,630</u>	<u>1,851,238</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,978,702</u>	<u>\$ 30,128</u>	<u>\$ 2,419,094</u>	<u>\$ 160,204</u>	<u>\$ 4,588,128</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**CITY OF TALLULAH**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2023**

**Statement D**

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

Total fund balances - governmental funds		\$ 1,851,238
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The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 6,380,366	
Accumulated depreciation	<u>(4,709,728)</u>	
		1,670,638

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	107,790	
Deferred inflows related to pensions	<u>(53,033)</u>	
		54,757

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, 2023 are:

Loans payable	(329,764)	
Judgements payable	(75,000)	
Compensated absences payable	(35,248)	
Net pension liability	<u>(288,561)</u>	
		<u>(728,573)</u>

Net position - governmental activities		<u>\$ 2,848,060</u>
--	--	---------------------

**CITY OF TALLULAH**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2023**

Statement E

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>AMERICAN RESCUE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$ 494,791	\$ -	\$ -	\$ 131,205	\$ 625,996
Sales and use	1,879,714	-	-	-	1,879,714
Other taxes, penalties, and interest	330,753	-	-	-	330,753
Licenses and permits	75,417	-	-	-	75,417
Intergovernmental revenues	281,228	201,514	78,592	-	561,334
Rental income	5,725	-	-	-	5,725
Use of money and property	4,250	536	25,838	1,987	32,611
Fines and forfeitures	354,683	-	-	-	354,683
Miscellaneous revenues	144,469	19,427	-	-	163,896
<b>TOTAL REVENUES</b>	<u>3,571,030</u>	<u>221,477</u>	<u>104,430</u>	<u>133,192</u>	<u>4,030,129</u>
<b>EXPENDITURES</b>					
Current:					
General and administrative	799,129	-	-	451	799,580
Police department	831,352	-	-	-	831,352
Fire department	478,352	-	-	-	478,352
Street department	747,481	-	-	88,889	836,370
Health and welfare	-	232,307	-	-	232,307
Culture and recreation	106,885	-	-	-	106,885
Legislative	66,856	-	-	-	66,856
Transportation	39,564	-	-	-	39,564
Capital outlay	30,433	-	-	106,441	136,874
Debt service:					
Principal retirement	67,597	-	-	-	67,597
Interest and bank charges	17,305	-	-	-	17,305
<b>TOTAL EXPENDITURES</b>	<u>3,184,954</u>	<u>232,307</u>	<u>-</u>	<u>195,781</u>	<u>3,613,042</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>386,076</u>	<u>(10,830)</u>	<u>104,430</u>	<u>(62,589)</u>	<u>417,087</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	97,919	97,919
Transfers out	(15,767)	-	(104,430)	(82,152)	(202,349)
Insurance recoveries	31,443	-	-	-	31,443
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,676</u>	<u>-</u>	<u>(104,430)</u>	<u>15,767</u>	<u>(72,987)</u>
<b>Net Change in Fund Balances</b>	401,752	(10,830)	-	(46,822)	344,100
<b>FUND BALANCES - BEGINNING</b>	<u>1,280,456</u>	<u>40,740</u>	<u>490</u>	<u>185,452</u>	<u>1,507,138</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,682,208</u>	<u>\$ 29,910</u>	<u>\$ 490</u>	<u>\$ 138,630</u>	<u>\$ 1,851,238</u>

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, 2023**

**Statement F**

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

Total net change in fund balances - governmental funds	\$	344,100
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays	\$	136,874
Depreciation expense		<u>(219,102)</u>
		(82,228)
<p>The Statement of Activities reflects the effect of the disposition of capital assets during the year. The cost less the depreciation (net value) of the items disposed of during the year are not reflected in the fund balance.</p>		
		(12,431)
<p>Some revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds; whereas other revenues may be reported in prior periods statement of activities but are reported as current year financial resources in the governmental funds.</p>		
		(46,547)
<p>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.</p>		
		52,930
<p>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.</p>		
		67,597
<p>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).</p>		
		(4,971)
<p>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.</p>		
Judgements payable		<u>(75,000)</u>
Change in net position of governmental activities	\$	<u>243,450</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS  
Statement of Net Position  
June 30, 2023

	Statement G		
	WATER	SEWER	TOTAL
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ -	\$ 196,131	\$ 196,131
Receivables, net	319,280	127,643	446,923
Interfund receivables	-	143,313	143,313
<b>Restricted Assets:</b>			
Cash and cash equivalents	1,226,911	288,288	1,515,199
<b>TOTAL CURRENT ASSETS</b>	<b>1,546,191</b>	<b>755,375</b>	<b>2,301,566</b>
<b>NONCURRENT ASSETS:</b>			
<b>Capital Assets:</b>			
Land and construction in progress	556,361	703,879	1,260,240
Depreciable assets, net of depreciation	870,747	10,429,135	11,299,882
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,427,108</b>	<b>11,133,014</b>	<b>12,560,122</b>
<b>TOTAL ASSETS</b>	<b>2,973,299</b>	<b>11,888,389</b>	<b>14,861,688</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES :</b>			
Accounts and other payables	129,878	11,257	141,135
Interfund payables	176,265	-	176,265
Interest payable	38,264	-	38,264
Payable from restricted assets - customer deposits	161,156	-	161,156
Compensated absences	9,460	2,361	11,821
Revenue bonds payable - current	610,000	-	610,000
Loans payable - current	-	90,308	90,308
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,125,023</b>	<b>103,926</b>	<b>1,228,949</b>
<b>NONCURRENT LIABILITIES:</b>			
Revenue bonds payable, net	5,595,000	-	5,595,000
Loans payable	-	2,465,584	2,465,584
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>5,595,000</b>	<b>2,465,584</b>	<b>8,060,584</b>
<b>TOTAL LIABILITIES</b>	<b>6,720,023</b>	<b>2,569,510</b>	<b>9,289,533</b>
<b>NET POSITION</b>			
Net investment in capital assets	(4,818,982)	8,570,442	3,751,460
Restricted for debt service	1,057,460	288,288	1,345,748
Unrestricted	14,798	460,149	474,947
<b>TOTAL NET POSITION</b>	<b>\$ (3,746,724)</b>	<b>\$ 9,318,879</b>	<b>\$ 5,572,155</b>

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, 2023**

	<b>Statement H</b>		
	<u><b>WATER</b></u>	<u><b>SEWER</b></u>	<u><b>TOTAL</b></u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,083,545	\$ 788,064	\$ 2,871,609
<b>TOTAL OPERATING REVENUES</b>	<u>2,083,545</u>	<u>788,064</u>	<u>2,871,609</u>
<b>OPERATING EXPENSES</b>			
Personnel services	449,669	137,395	587,064
Supplies	411,288	61,047	472,335
Maintenance	244,196	178,794	422,990
Utilities	216,986	79,883	296,869
Miscellaneous	46,637	7,177	53,814
Uniforms	9,050	2,965	12,015
Insurance	19,692	5,348	25,040
Professional services	76,124	95,058	171,182
Depreciation	289,026	356,040	645,066
<b>TOTAL OPERATING EXPENSES</b>	<u>1,762,668</u>	<u>923,707</u>	<u>2,686,375</u>
Operating income (loss)	<u>320,877</u>	<u>(135,643)</u>	<u>185,234</u>
<b>NON OPERATING REVENUES/EXPENSES</b>			
Intergovernmental revenues	447,836	25,947	473,783
Interest income	23,063	3,193	26,256
Interest expense & other charges	(116,704)	(113,896)	(230,600)
Other revenues	6,106	13,780	19,886
<b>TOTAL NON OPERATING REVENUES/EXPENSES</b>	<u>360,301</u>	<u>(70,976)</u>	<u>289,325</u>
Income (Loss) before transfers	<u>681,178</u>	<u>(206,619)</u>	<u>474,559</u>
<b>TRANSFERS</b>			
Transfers in	54,255	50,175	104,430
<b>TOTAL TRANSFERS</b>	<u>54,255</u>	<u>50,175</u>	<u>104,430</u>
Change in Net Position	735,433	(156,444)	578,989
<b>NET POSITION - BEGINNING</b>	<u>(4,482,157)</u>	<u>9,475,323</u>	<u>4,993,166</u>
<b>NET POSITION - ENDING</b>	<u>\$ (3,746,724)</u>	<u>\$ 9,318,879</u>	<u>\$ 5,572,155</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, 2023**

	<b>Statement I</b>		
	<u><b>WATER</b></u>	<u><b>SEWER</b></u>	<u><b>TOTAL</b></u>
<b>CASH FLOW (USES) FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,046,513	\$ 688,899	\$ 2,735,412
Payments to employees	(396,017)	(112,502)	(508,519)
Payments to others	(923,559)	(413,145)	(1,336,704)
Net cash provided by (used for) operating activities	<u>726,937</u>	<u>163,252</u>	<u>890,189</u>
<b>CASH FLOW (USES) FROM INVESTING ACTIVITIES</b>			
Earnings on investments	<u>23,063</u>	<u>3,193</u>	<u>26,256</u>
Net cash provided by (used for) investing activities	<u>23,063</u>	<u>3,193</u>	<u>26,256</u>
<b>CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants and contributions	-	25,947	25,947
Other receipts	<u>6,106</u>	<u>13,780</u>	<u>19,886</u>
Net cash provided by (used for) noncapital financing activities	<u>6,106</u>	<u>39,727</u>	<u>45,833</u>
<b>CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grant	408,426	-	408,426
Acquisition of capital assets	(419,095)	(157,538)	(576,633)
Principal payment bonds & loans payable	(620,000)	(86,427)	(706,427)
Interest & penalties paid on debt	<u>(120,528)</u>	<u>(113,896)</u>	<u>(234,424)</u>
Net cash provided by (used for) capital and related financing activities	<u>(751,197)</u>	<u>(357,861)</u>	<u>(1,109,058)</u>
Net increase (decrease) in cash and cash equivalents	4,909	(151,689)	(146,780)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,222,002</u>	<u>636,108</u>	<u>1,858,110</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>1,226,911</u></u>	<u><u>484,419</u></u>	<u><u>1,711,330</u></u>
<b>RECONCILIATION TO BALANCE SHEET</b>			
Cash	-	196,131	196,131
Restricted assets - cash	<u>1,226,911</u>	<u>288,288</u>	<u>1,515,199</u>
	<u><u>\$ 1,226,911</u></u>	<u><u>\$ 484,419</u></u>	<u><u>\$ 1,711,330</u></u>

(CONTINUED)

**CITY OF TALLULAH**

**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**

**Statement of Cash Flows**

**For the Year Ended June 30, 2023**

	<b>Statement I</b>		
	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 320,877	\$ (135,643)	\$ 185,234
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	289,026	356,040	645,066
Transfers of noncash operating expenses	54,255	50,175	104,430
(Increase) decrease in operating accounts receivable	(37,032)	(5,126)	(42,158)
(Increase) decrease in interfund receivable	566	(94,039)	(93,473)
Increase (decrease) in operating accounts payable	9,253	(6,543)	2,710
Increase (decrease) in compensated absences	1,460	(1,612)	(152)
Increase (decrease) in interfund payable	96,367	-	96,367
Increase (decrease) in deposits due others	(7,835)	-	(7,835)
Net cash provided by (used for) operating activities	\$ 726,937	\$ 163,252	\$ 890,189

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# CITY OF TALLULAH, LOUISIANA

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**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the City of Tallulah have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the reporting entity'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 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, 2023**

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

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

***Governmental Funds***

The City reports the following major governmental funds:

General - 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 - a special revenue fund that 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 - a capital projects fund that accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

***Proprietary Fund***

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

The Housing Authority which presents information in the aggregate on Statement's A and B for the year ended December 31, 2022, reports the following proprietary funds:

Martin Luther King (MLK) - enterprise fund that accounts for activity for the transactions associated with the Martin Luther King Apartments which are federally subsidized with United States Department of Agriculture (USDA) monies.

Madison Pointe GP - enterprise fund that accounts for activity of the Housing Authority for tax credit property developer fees received on Madison Pointe, LLC.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

**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.

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

**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.

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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.

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

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

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

The City recognition and measurement criterion for compensated absences follows:

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

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

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

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

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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.

**M. RESTRICTED ASSETS** Certain grants received by the City contained restrictions on spending for specific purposes. The General, Water and Sewer funds have accounts related to debt covenants that are restricted. In the Water Fund, the customer deposits are also restricted. Although the City has recorded \$161,156 in payable from restricted assets - customer deposits, the actual restricted cash and cash equivalents for customer deposits equates to \$131,187. At December 31, 2022, the Tallulah Housing Authority has restricted assets of \$209,312 which are restricted for debt service pursuant to the notes payable of Martin Luther King Apartments.

**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, 2023 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. FUND EQUITY 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.

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

Restricted amounts are considered to have been spent first when an expenditure has 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 fund had actual expenditures over budgeted expenditures for the year-ended June 30, 2023.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,083,255	\$ 3,200,721	\$ (117,466)
Section 8	184,000	232,307	(48,307)

**B. Deficit Fund Balances** The following fund had a deficit fund balance at June 30, 2023:

<u>Fund</u>	<u>Deficit Amount</u>
Water	\$ 3,746,724

At December 31, 2022, the Martin Luther King Apartments had a deficit net position of \$670,694.

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of the following at June 30, 2023:

Petty Cash	\$	1,125
Demand deposits		4,865,198
Money market mutual funds		966,585
Total	\$	<u>5,832,908</u>

***Deposits***

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

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, the City's had a bank balance of \$4,973,562, in which \$4,473,562 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.

At December 31, 2022, the Housing Authority had cash in demand deposits totaling \$247,186, which was fully insured by the FDIC.

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, 2023:

Money market mutual funds of \$966,585 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, 2023**

**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 2020. Total assessed value in calendar year 2022 was \$15,655,963. The Madison Parish Tax Assessor prepares tax statements for the City. Ad valorem taxes were levied in October 2022 with a due date and collection date of December 31, 2022 and a lien date of January 1, 2023.

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

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

**NOTE 5 - RECEIVABLES** The following is a summary of receivables at June 30, 2023:

<u>Class of Receivables</u>	<u>General</u>	<u>Section 8</u>	<u>Total</u>
<u>Governmental Activities:</u>			
Governmental Funds:			
Taxes:			
Sales & use	\$ 151,961	\$ -	\$ 151,961
Other taxes	2,981	-	2,981
Intergovernmental	31,944	-	31,944
Other	95,443	3,547	98,990
Total Governmental Funds	<u>\$ 282,329</u>	<u>\$ 3,547</u>	<u>\$ 285,876</u>
<u>Class of Receivables</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Business-type Activities:</u>			
Proprietary Funds:			
Intergovernmental	\$ 41,090	\$ -	\$ 41,090
Water user fees	286,292	-	286,292
Sewer user fees	-	131,950	131,950
Gross receivables	327,382	131,950	459,332
Less allowance for doubtful accounts	(8,102)	(4,307)	(12,409)
Total Proprietary net receivables	<u>\$ 319,280</u>	<u>\$ 127,643</u>	<u>\$ 446,923</u>

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 6 - INTERFUND TRANSACTIONS/BALANCES** Individual balances due from/to other funds at June 30, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 134,170
General	American Rescue	27,744
General	Nonmajor Governmental	12,219
Nonmajor Governmental	General	6,541
Sewer	General	101,218
Sewer	Water	42,095
Total		<u>\$ 323,987</u>

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

Transfers during the year were as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Nonmajor Governmental	General	\$ 15,767
Nonmajor Governmental	Nonmajor Governmental	82,152
Water	American Rescue	54,255
Sewer	American Rescue	50,175
Total		<u>\$ 202,349</u>

The City transferred money from the General fund and the Nonmajor Governmental fund (Street) to the Nonmajor Governmental fund (Capital Projects) to provide funding for administrative and engineering project costs that will not be paid from the LCDBG grant funding. The Nonmajor Governmental fund (American Rescue) transferred funds to the Water fund and Sewer fund to cover specific maintenance expenses.

**NOTE 7 - CAPITAL ASSETS** The changes in capital assets for the year ended June 30, 2023 are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 78,500	\$ -	\$ -	\$ 78,500
Construction in progress	151,434	97,441	-	248,875
Total capital assets, not being depreciated	<u>229,934</u>	<u>97,441</u>	<u>-</u>	<u>327,375</u>
Depreciable assets:				
Infrastructure	1,069,484	-	-	1,069,484
Buildings and improvements	2,960,988	-	31,958	2,929,030
Furniture and equipment	2,073,249	39,433	58,205	2,054,477
Total capital assets, being depreciated	6,103,721	39,433	90,163	6,052,991
Less: accumulated depreciation	(4,568,358)	(219,102)	(77,732)	(4,709,728)
Depreciable capital assets, net	<u>1,535,363</u>	<u>(179,669)</u>	<u>12,431</u>	<u>1,343,263</u>
Total capital assets, net	<u>\$ 1,765,297</u>	<u>\$ (82,228)</u>	<u>\$ 12,431</u>	<u>\$ 1,670,638</u>

**City of Tallulah**  
**Notes to the Financial Statements**  
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Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 25,014
Police department	37,397
Fire department	46,570
Street department	98,413
Health and welfare	2,222
Culture and recreation	9,486
Total	<u>\$ 219,102</u>

	Balance Beginning	Additions	Deletions	Ending Balance
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 678,330	\$ -	\$ -	\$ 678,330
Construction in progress	88,370	493,540	-	581,910
Total capital assets, not being depreciated	<u>766,700</u>	<u>493,540</u>	<u>-</u>	<u>1,260,240</u>
Depreciable assets:				
Building and improvements	18,139	-	-	18,139
Equipment	1,005,585	6,000	4,309	1,007,276
Water plant and systems	11,112,957	-	-	11,112,957
Sewer plant and systems	7,866,378	-	-	7,866,378
Water and sewer transmission lines	10,962,421	38,445	-	11,000,866
Total capital assets, being depreciated	<u>30,965,480</u>	<u>44,445</u>	<u>4,309</u>	<u>31,005,616</u>
Less accumulated depreciation	<u>(19,064,977)</u>	<u>(645,066)</u>	<u>(4,309)</u>	<u>(19,705,734)</u>
Depreciable capital assets, net	<u>11,900,503</u>	<u>(600,621)</u>	<u>-</u>	<u>11,299,882</u>
Total capital assets, net	<u>\$ 12,667,203</u>	<u>\$ (107,081)</u>	<u>\$ -</u>	<u>\$ 12,560,122</u>

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

Water	\$ 289,026
Sewer	356,040
Total	<u>\$ 645,066</u>

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**Component Unit (for the year ended December 31, 2022):**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 38,008	\$ -	\$ -	\$ 38,008
<b>Total Capital Assets Not Being Depreciated</b>	<b>38,008</b>	<b>-</b>	<b>-</b>	<b>38,008</b>
<b>Capital Assets Being Depreciated</b>				
Building and Building Improvements	2,150,072	-	-	2,150,072
Furniture and Equipment	107,140	-	-	107,140
<b>Total Capital Assets Being Depreciated</b>	<b>2,257,212</b>	<b>-</b>	<b>-</b>	<b>2,257,212</b>
Less: Accumulated Depreciation	(2,053,037)	(44,002)	-	(2,097,039)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>204,175</b>	<b>(44,002)</b>	<b>-</b>	<b>160,173</b>
<b>Total Capital Assets, Net</b>	<b>\$ 242,183</b>	<b>\$ (44,002)</b>	<b>\$ -</b>	<b>\$ 198,181</b>

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

*Cost of Living Adjustments*

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

*Deferred Retirement Option Plan*

MPERS members are eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the retirement plan is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in 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 the 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

**City of Tallulah**  
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For the year ended June 30, 2023, the actuarially determined employer contribution rate was 34.33% of member's compensation. However, the actual rate for employer contributions for fiscal year ending June 30, 2023 was 31.25%. 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 31.25% and 10%, respectively. The employer and employee contribution rates for all non-hazardous duty members hired after January 1, 2013 were 31.25% 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 33.75% and 7.5%, respectively. City of Tallulah's contributions to the MPERS for the year ended June 30, 2023 was \$19,491.

*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 2023, the City recognized \$6,280 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, 2023, the City reported a liability of \$288,561 for its proportionate share of the MPERS's Net Pension Liability (NPL). The NPL was measured as of June 30, 2022, 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, 2022 as compared to the total of all employers' contributions to MPERS during the year ended 2022. As of June 30, 2022, the most recent measurement date, the City's proportions and the changes in proportion from the prior measurement date was 0.028230%, or a decrease of 0.00397%.

For the year ended June 30, 2023, the City recognized a total pension expense of \$27,159 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	\$ 1,423	\$ 2,352
Changes of assumptions	9,954	2,146
Net difference between projected and actual earnings on pension plan investments	51,517	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,404	48,535
Employer contributions subsequent to the measurement date	19,491	-
Total	<u>\$ 107,789</u>	<u>\$ 53,033</u>

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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, 2024. 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>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
MPERS	\$ (9,776)	\$ 7,783	\$ 10,235	\$ 27,023

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2022
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 review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

**City of Tallulah**  
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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 8.06% for the year ended June 30, 2022.

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	55.5%	3.60%
Fixed income	30.5%	0.85%
Alternative	14.0%	0.95%
Totals	100.0%	5.40%
Inflation		2.66%
Expected arithmetic return		8.06%

*Discount Rate.* The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of MPERS’s actuary. Based on those assumptions, the MPERS’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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	\$403,930	\$288,561	\$192,189

*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, 2023, the City had \$5,444 in payables to MPERS for employee and employer legally required contributions.

**City of Tallulah**  
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**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 2023 and 2022 were \$22,500 and \$20,500 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, 2023, the City made employer contributions of \$47,270 and employee contributions of \$6,695. At June 30, 2023, the City had \$34 in payables to the 457 plan for employee contributions.

**NOTE 9 - ACCOUNTS AND OTHER PAYABLES** The accounts and other payables at fiscal year ended June 30, 2023 are as follows:

Class of Payables	Nonmajor					Total
	General	Section 8	Governmental	Water	Sewer	
Accounts	\$ 151,916	\$ 218	\$ 9,355	\$ 79,460	\$ 1,336	\$ 242,285
Retainage	-	-	-	41,090	6,680	47,770
Wages	31,819	-	-	9,328	3,241	44,388
Judgements	5,000	-	-	-	-	5,000
Total	<u>\$ 188,735</u>	<u>\$ 218</u>	<u>\$ 9,355</u>	<u>\$129,878</u>	<u>\$ 11,257</u>	<u>\$ 339,443</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 \$43,200 is recognized as intergovernmental revenue and public safety expenditures. Of the \$43,200 recognized, the State paid \$18,000 to City police officers and \$25,200 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, 2023**

During the year ended June 30, 2023, 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	\$ 397,361	\$ -	\$ 67,597	\$ 329,764	\$ 69,847
Judgements payable	-	90,000	15,000	75,000	30,000
Compensated absences	30,277	45,866	40,895	35,248	35,248
Total	<u>\$ 427,638</u>	<u>\$ 135,866</u>	<u>\$ 123,492</u>	<u>\$ 440,012</u>	<u>\$ 135,095</u>

During the year ended June 30, 2023, 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	\$ 6,825,000	\$ -	\$ 620,000	\$ 6,205,000	\$ 610,000
Loans payable	2,642,319	-	86,428	2,555,891	90,308
Compensated absences	11,973	16,344	16,496	11,821	11,821
Total	<u>\$ 9,479,292</u>	<u>\$ 16,344</u>	<u>\$ 722,924</u>	<u>\$ 8,772,712</u>	<u>\$ 712,129</u>

During the year ended December 31, 2022, the following changes occurred in component unit long-term debt:

Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
\$ 387,311	\$ -	\$ (21,992)	\$ 365,319	\$ 10,458

Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
\$ 653,662	\$ -	\$ (9,863)	\$ 643,799	\$ 24,659

**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, 2023, the ending liability for judgements payable was \$80,000; 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). T

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

The following is a summary of long-term debt transactions for the year ended June 30, 2023:

	<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>
<b>Governmental activities</b>						
Loans Payable:						
Fire Trucks	3/21/2022	3/1/2031	3.717%	\$ 323,185	\$ 291,885	
Police Cars	8/25/2019	1/25/2024	4.360%	174,220	37,879	
<b>Business-type activities</b>						
Revenue Bonds:						
Water Revenue Refunding Bonds Series 2021	7/29/2021	9/1/2032	1.85%	7,095,000		\$ 6,205,000
Loans payable:						
Sewer Rehab Phase I	9/6/2006	9/6/2046	4.375%	2,660,000		2,071,761
Sewer Rehab Phase II	9/6/2006	9/6/2046	4.375%	500,000		389,462
Sewer Equipment - Case Farnall Tractor	5/28/2021	6/1/2026	3.990%	57,344		34,730
Sewer Equipment - Kobelco Excavator	12/16/2021	12/16/2026	4.500%	82,850		59,938
Totals					329,764	8,760,891
Current Portion of Debt					(69,847)	(700,308)
Total Long Term Portion of Debt					<u>\$ 259,917</u>	<u>\$ 8,060,583</u>

The annual requirements to amortize all outstanding debt at June 30, 2023 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>
2024	\$ 69,847	\$ 14,830	\$ 610,000	\$ 109,150	\$ 90,308	\$ 110,016
2025	31,968	10,928	610,000	97,865	94,332	105,992
2026	33,165	9,732	630,000	86,395	97,481	101,795
2027	34,406	8,490	635,000	74,694	80,631	97,778
2028	37,031	7,202	650,000	62,807	74,663	94,465
2029-2033	119,621	14,932	3,070,000	130,610	426,386	419,254
2034-2038	-	-	-	-	530,437	315,203
2039-2043	-	-	-	-	659,875	188,770
2044-2047	-	-	-	-	501,778	36,672
Total	<u>\$ 326,038</u>	<u>\$ 66,114</u>	<u>\$ 6,205,000</u>	<u>\$ 561,521</u>	<u>\$ 2,555,891</u>	<u>\$ 1,469,945</u>

***Insert component unit future maturities table***

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

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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 25<sup>th</sup> day of each month of each year, a sum equal to 1/6<sup>th</sup> of the interest falling due on the next interest payment date and 1/12 of the principal falling due on the next principal payment date.
- The establishment and maintenance of a separately identifiable fund or account with a deposit from the bond proceeds equal to the required debt service reserve requirement. The reserve fund requirement is, as of any date of calculation, a sum equal to 50% of the highest combined principal and interest requirements for any succeeding fiscal year.

For the fiscal year ended June 30, 2023, the Water fund’s net revenues were 142% of the principal and interest falling due on all bonds or other obligations payable. The deposits held in the Regions debt service accounts are to be used to pay the principal and interest payments as they come due with the last payment being paid from the reserve funds. The City made the required deposits during fiscal year 2023.

**Required Debt Reserves:** The required debt reserves and amounts reserved as of June 30, 2023 for the City are as follows:

	Debt Issued	Required Reserve	Amount Reserved
<b>Business-type Activities:</b>			
Water Fund:			
Water Revenue Refunding Bonds, Series 2021	\$ 7,095,000	\$ 916,861	\$ 1,095,724
Sewer Fund:			
Sewer Rehab Phase I	2,660,000	238,587	-
Sewer Rehab Phase II	500,000	44,823	288,288
Total Sewer Fund	3,160,000	283,410	288,288
Total Business-Type Activities	\$10,255,000	\$ 1,200,271	\$ 1,384,012

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 12 - PLEDGED REVENUES** The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$6,205,000 in water revenue bonds payable and \$2,461,223 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 is \$6,766,521 and \$3,924,015, respectively. Water principal and interest paid for the current year was \$740,528 and total net revenue (loss) per Statement H was \$681,178. The sewer principal and interest paid for the current year was \$169,128 and total net revenue (loss) per Statement H was \$(206,619). 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.

On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order, however the City anticipates the project costs will increase significantly due to the increases in construction costs since its approval. The City anticipates funding the water plant rehabilitation with a \$5 million IJIA Water Sector Program federal grant, a USDA loan (\$4.0 million), a USDA grant (\$3.8 million) and the American Rescue Act Plan funds. The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been approved by LDHH and USDA. The project's bids will be opened on December 14, 2023.

Construction Projects: The City is involved in several projects as of June 30, 2023 which include the Ethel Street drainage project, the sewer plant aerator project, the new water well project, the water plant rehabilitation project, and two LCDBG grant projects for street and park improvements. At June 30, 2023, the City had approximately \$67 thousand remaining on the contract for construction of the new water well and \$161 thousand remaining on the contract for the sewer aerator 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.

**City of Tallulah**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

	<u>General Fund</u>	<u>Section 8</u>	<u>American Rescue</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Restricted for:					
Section 8 program	\$ -	\$ 29,910	\$ -	\$ -	\$ 29,910
Maintenance and operations	-	-	490	-	490
Street maintenance	-	-	-	138,564	138,564
Construction projects	-	-	-	66	66
Unassigned	1,682,208	-	-	-	1,682,208
Total	<u>\$ 1,682,208</u>	<u>\$ 29,910</u>	<u>\$ 490</u>	<u>\$ 138,630</u>	<u>\$1,851,238</u>

**NOTE 16 – INVESTMENTS IN AFFILIATES** The City holds an equity ownership in Madison Pointe, LLC, which operates an apartment complex. At June 30, 2023, the City owned 50% of Madison Pointe, LLC. The balance of the City’s equity interest is \$-0- at June 30, 2023 due to recurring losses. The City did not make any contributions to Madison Pointe, LLC during the year ended June 30, 2023. Summarized financial data was unavailable for the year ended June 30, 2023.

**NOTE 17 - SUBSEQUENT EVENTS** On October 22, 2023, the City entered into a \$1,161,230 construction contract for rehabilitating portions of the City’s Tank, University, and Florida streets. Funding for the street improvement project will be funded by a \$799 thousand LCDBG federal grant and by the General fund’s and Street fund’s local revenues.

**NOTE 18 - NEW GASB STANDARDS** The City implemented Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)*, issued by the Government Accounting Standards Board. This statement provides guidance on the accounting and reporting for subscription-based information technology arrangements. Under this statement, a government is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. The implementation of this statement had no effect on the City’s financial statements or notes to the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Tallulah**  
**Pension Supplementary Information**  
**As of and for the Year Ended June 30, 2023**

**Exhibit 1-1**

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

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Police Employees' Retirement System</b>					
2015	0.115035%	\$ 719,668	\$ 205,010	351%	75.10%
2016	0.057648%	451,612	160,089	282%	70.73%
2017	0.029801%	279,319	90,854	307%	66.04%
2018	0.040175%	350,745	109,566	320%	70.08%
2019	0.067047%	566,819	203,590	278%	71.89%
2020	0.039777%	361,242	136,810	264%	71.01%
2021	0.031069%	287,150	102,036	281%	70.94%
2022	0.024260%	129,319	88,615	146%	84.09%
2023	0.028230%	288,561	79,960	361%	70.80%

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

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

**City of Tallulah**  
**Pension Supplementary Information**  
**As of and for the Year Ended June 30, 2023**

**Exhibit 1-2**

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

Fiscal Year*	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Municipal Police Employees' Retirement System</b>					
2015	\$ 50,428	\$ 50,428	-	\$ 160,089	31.50%
2016	26,802	26,802	-	90,854	29.50%
2017	34,991	34,991	-	109,566	31.94%
2018	62,604	62,604	-	203,590	30.75%
2019	44,121	44,121	-	136,810	32.25%
2020	33,162	33,162	-	102,036	32.50%
2021	29,908	29,908	-	88,615	33.75%
2022	23,788	23,788	-	79,960	29.75%
2023	19,491	19,491	-	62,371	31.25%

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

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

**City of Tallulah**  
**Pension Supplementary Information**  
**As of and for the Year Ended June 30, 2023**

**Notes to Required Supplementary Information for Pensions**

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

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

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

Report Date	Valuation Date	Investment Rate of Return	Inflation Rate	Mortality Rate - Annuitant and Beneficiary	Mortality Rate - Employees	Mortality Rate - Disabled Annuitants	Salary Increases
December 31,							
2015	2014	7.500%	3.000%	RP-2000 Sex Distinct Healthy Annuitant Mortality Tables set back 1 year males and females	RP-2000 Sex Distinct Employee Mortality Tables set back 1 year for males and females	RP-2000 Disables Lives Mortality Tables for Males and Females	Varying from 10.000% to 4.00% after 30 years
2016 & 2017	2015 & 2016	7.500%	2.875%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disables Lives Tables set back 5 years for males and set back 3 years for females	Varying from 9.75% to 4.25% after 23 years
2018	2017	7.325%	2.700%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females	Varying from 9.75% to 4.25% after 23 years
2019	2018	7.200%	2.600%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Tables set back 5 years for males and set back 3 years for females	Varying from 9.75% to 4.25% after 23 years
2020	2019	7.125%	2.500%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 using Scale AA and set back 1 year for females	RP-2000 Sex Distinct Employee Tables set back 4 years for males and 3 years for females	RP-2000 Disables Lives Tables set back 5 years for males and set back 3 years for females .	Varying from 9.75% to 4.25% after 23 years
2021	2020	6.950%	2.500%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%
2022 & 2023	2021	6.750%	2.500%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%

**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.

**CITY OF TALLULAH**

**GENERAL  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2023**

Exhibit 2-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY BASIS</u>	<u>WITH FINAL BUDGET</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 1,197,958	\$ 1,280,456	\$ 1,280,456	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	500,000	500,000	494,791	(5,209)
Sales and use	1,615,400	1,615,400	1,879,714	264,314
Other taxes, penalties, and interest	229,070	229,070	330,753	101,683
Licenses and permits	73,740	73,740	75,417	1,677
Intergovernmental revenues	221,645	221,645	281,228	59,583
Rental income	13,000	13,000	5,725	(7,275)
Use of money and property	-	-	4,250	4,250
Fines and forfeitures	196,800	196,800	354,683	157,883
Miscellaneous revenues	119,600	119,600	144,469	24,869
Transfers from other funds	54,000	54,000	-	(54,000)
Insurance recoveries	-	-	31,443	31,443
	<u>4,221,213</u>	<u>4,303,711</u>	<u>4,882,929</u>	<u>579,218</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	681,750	726,750	799,129	(72,379)
Police department	836,460	836,460	831,352	5,108
Fire department	465,680	465,680	478,352	(12,672)
Street department	689,140	689,140	747,481	(58,341)
Health and welfare	2,000	2,000	-	2,000
Culture and recreation	143,605	143,605	106,885	36,720
Legislative	67,320	67,320	66,856	464
Transportation	48,000	48,000	39,564	8,436
Capital outlay	33,000	48,000	30,433	17,567
Debt service:				
Principal retirement	56,300	56,300	67,597	(11,297)
Interest and bank charges	-	-	17,305	(17,305)
Transfers to other funds	-	-	15,767	(15,767)
	<u>3,023,255</u>	<u>3,083,255</u>	<u>3,200,721</u>	<u>(117,466)</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	<u>\$ 1,197,958</u>	<u>\$ 1,220,456</u>	<u>\$ 1,682,208</u>	<u>\$ 461,752</u>

SEE INDEPENDENT AUDITOR'S REPORT

**CITY OF TALLULAH**

**SECTION 8  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2023**

Exhibit 2-2

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY BASIS</u>	<u>WITH FINAL BUDGET</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ 40,740	\$ 40,740	\$ -
Resources (inflows)				
Intergovernmental revenues	184,000	184,000	201,514	17,514
Use of money and property	-	-	536	536
Miscellaneous revenues	-	-	19,427	19,427
	<u>184,000</u>	<u>224,740</u>	<u>262,217</u>	<u>37,477</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
Health and welfare	<u>184,000</u>	<u>184,000</u>	<u>232,307</u>	<u>(48,307)</u>
Total charges to appropriations	<u>184,000</u>	<u>184,000</u>	<u>232,307</u>	<u>(48,307)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 40,740</u>	<u>\$ 29,910</u>	<u>\$ (10,830)</u>

**City of Tallulah**

**Notes to the Budgetary Comparison Schedule  
For the Year Ended June 30, 2023**

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

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

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

**Note B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED APPROPRIATIONS** The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2023:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,083,255	\$ 3,200,721	\$ (117,466)
Section 8	184,000	232,307	(48,307)

**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>
<b><u>Sources/inflows of resources:</u></b>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 4,882,929	\$ 262,217
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,280,456)	(40,740)
Insurance recoveries are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(31,443)	-
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	\$ 3,571,030	\$ 221,477
<b><u>Uses/outflows of resources:</u></b>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 3,200,721	\$ 232,307
Transfers to other funds classified and expenditures for budgetary purposes and as an operating transfer for financial reporting	(15,767)	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 3,184,954	\$ 232,307

**SUPPLEMENTARY INFORMATION**

**City of Tallulah**

**Nonmajor Governmental Funds  
For the Year Ended June 30, 2023**

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

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

- Ethel Street Drainage Project
- LCDBG Street Improvement Project
- LCDBG Park Improvement Project

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS  
 Combining Balance Sheet - By Fund Type  
 June 30, 2023

Exhibit 3

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 141,378	\$ 12,285	\$ 153,663
Interfund receivables	6,541	-	6,541
<b>TOTAL ASSETS</b>	<b><u>147,919</u></b>	<b><u>12,285</u></b>	<b><u>160,204</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts and other payables	9,355	-	9,355
Interfund payables	-	12,219	12,219
<b>TOTAL LIABILITIES</b>	<b><u>9,355</u></b>	<b><u>12,219</u></b>	<b><u>21,574</u></b>
<b>FUND BALANCES:</b>			
Restricted	138,564	66	138,630
<b>TOTAL FUND BALANCES</b>	<b><u>138,564</u></b>	<b><u>66</u></b>	<b><u>138,630</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 147,919</u></b>	<b><u>\$ 12,285</u></b>	<b><u>\$ 160,204</u></b>

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - By Fund Type  
 For the Year Ended June 30, 2023

Exhibit 4

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
REVENUES			
Taxes:			
Ad valorem	\$ 131,205	\$ -	\$ 131,205
Use of money and property	1,985	2	1,987
TOTAL REVENUES	<u>133,190</u>	<u>2</u>	<u>133,192</u>
EXPENDITURES			
Current:			
General and administrative	-	451	451
Street department	88,889	-	88,889
TOTAL EXPENDITURES	<u>97,889</u>	<u>97,892</u>	<u>195,781</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	35,301	(97,890)	(62,589)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	97,919	97,919
Net Change in Fund Balances	(46,851)	29	(46,822)
FUND BALANCES - BEGINNING	<u>185,415</u>	<u>37</u>	<u>185,452</u>
FUND BALANCES - ENDING	<u>\$ 138,564</u>	<u>\$ 66</u>	<u>\$ 138,630</u>

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

**CITY OF TALLULAH**

**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**  
**Comparative Statement of Net Position**  
**June 30, 2023 and 2022**

**Exhibit 5**

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>WATER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SEWER</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 196,131	\$ 366,522
Receivables, net	319,280	242,838	127,643	122,517
Interfund receivables	-	566	143,313	49,274
<b>Restricted Assets:</b>				
Cash and cash equivalents	<u>1,226,911</u>	<u>1,222,002</u>	<u>288,288</u>	<u>269,586</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,546,191</u>	<u>1,465,406</u>	<u>755,375</u>	<u>807,899</u>
<b>NONCURRENT ASSETS:</b>				
<b>Capital Assets:</b>				
Land and construction in progress	556,361	140,621	703,879	626,079
Depreciable assets, net of depreciation	<u>870,747</u>	<u>1,115,328</u>	<u>10,429,135</u>	<u>10,785,175</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,427,108</u>	<u>1,255,949</u>	<u>11,133,014</u>	<u>11,411,254</u>
<b>TOTAL ASSETS</b>	<u>2,973,299</u>	<u>2,721,355</u>	<u>11,888,389</u>	<u>12,219,153</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts and other payables	129,878	79,535	11,257	97,538
Interfund payables	176,265	79,898	-	-
Interest payable	38,264	42,088	-	-
Payable from restricted assets - customer deposits	161,156	168,991	-	-
Compensated absences	9,460	8,000	2,361	3,973
Revenue bonds payable - current	610,000	620,000	-	-
Loans payable - current	-	-	90,308	86,427
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,125,023</u>	<u>998,512</u>	<u>103,926</u>	<u>187,938</u>
<b>NONCURRENT LIABILITIES:</b>				
Revenue bonds payable, net	5,595,000	6,205,000	-	-
Loans payable	-	-	2,465,584	2,555,892
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>5,595,000</u>	<u>6,205,000</u>	<u>2,465,584</u>	<u>2,555,892</u>
<b>TOTAL LIABILITIES</b>	<u>6,720,023</u>	<u>7,203,512</u>	<u>2,569,510</u>	<u>2,743,830</u>
<b>NET POSITION</b>				
Net investment in capital assets	(4,818,982)	(5,569,051)	8,570,442	8,768,935
Restricted for debt service	1,057,460	1,059,912	288,288	269,586
Unrestricted	<u>14,798</u>	<u>26,982</u>	<u>460,149</u>	<u>436,802</u>
<b>TOTAL NET POSITION</b>	<u>\$ (3,746,724)</u>	<u>\$ (4,482,157)</u>	<u>\$ 9,318,879</u>	<u>\$ 9,475,323</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, 2023

Exhibit 6

**Agency Head**

Mayor Charles M. Finlayson

<b>Purpose</b>	<b>Amount</b>
Salary	\$68,253
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
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**

**Financial Data Schedule  
Program Balance Sheet Summary  
June 30, 2023**

**Exhibit 7**

Submission Type: unaudited

Fiscal Year End : 06/30/2023

	<b>14.871 Housing</b>	
	<b>Choice Vouchers</b>	<b>Total</b>
	<hr/>	<hr/>
112 Cash - Unrestricted	\$ 26,581	\$ 26,581
112.1 Cash - Restricted	-	-
124 Accounts Receivable - Other Gov't	3,547	3,547
190 Total Assets	<hr/>	<hr/>
	\$ 30,128	\$ 30,128
	<hr/>	<hr/>
312 Accounts Payable <= 90 Days	218	218
342 Unearned Revenue	-	-
347 Inter Program - Due To	-	-
300 Total Liabilities	<hr/>	<hr/>
	218	218
512.1 Unrestricted Net Assets	29,910	29,910
512.2 Restricted Net Assets	-	-
513 Total Equity/Net Assets	<hr/>	<hr/>
	29,910	29,910
	<hr/>	<hr/>
600 Total Liabilities and Equity/Net Assets	\$ 30,128	\$ 30,128
	<hr/>	<hr/>

(Continued)

**CITY OF TALLULAH, LOUISIANA**

**Financial Data Schedule  
Program Revenue and Expenses Summary  
As of and For the Year Ended June 30, 2023**

**Exhibit 7**

Submission Type: unaudited

Fiscal Year End : 06/30/2023

	<b>14.871 Housing</b>	
	<b>Choice Vouchers</b>	<b>Total</b>
	<hr/>	<hr/>
70800 HUD PHA Operating Grants	\$ 201,514	\$ 201,514
71100 Investment Income - Unrestricted	536	536
71500 Other Revenue	19,428	19,428
	<hr/>	<hr/>
	221,478	221,478
91600 Office Expenses	31,900	31,900
91800 Travel	-	-
91900 Other	-	-
96900 Total Operating Expenses	<hr/>	<hr/>
	31,900	31,900
97000 Excess of Operating Revenue over Operating Expenses	189,578	189,578
97300 Housing Assistance Payments	131,148	131,148
97300 Tenant Protected	23,213	23,213
97350 HAP Portability-In	46,047	46,047
90000 Total Expenses	<hr/>	<hr/>
	200,408	200,408
10000 Excess (Deficiency) of Total Revenue Over (under) Total	(10,830)	(10,830)
11030 Beginning Equity	<hr/>	<hr/>
	40,740	40,740
11170 Administrative Fee Equity	<hr/>	<hr/>
	29,910	29,910
11180 Housing Assistance Payments Equity	<hr/>	<hr/>
	-	-

(Concluded)

**CITY OF TALLULAH, LOUISIANA**

**Justice System Funding Schedule - Collecting/Disbursing Entity  
As Required by Act 87 of the 2020 Regular Legislative Session  
General Fund  
Cash Basis Presentation  
For the Six-Month Periods Ended December 31, 2022 and June 30, 2023**

Exhibit 8

	<b>First Six- Month Period Ended 12/31/2022</b>	<b>Second Six- Month Period Ended 6/30/2023</b>
<b>Beginning Balance of Amounts Collected</b>	\$ 9,331	\$ 26,239
<b>Add: Collections</b>		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	172,055	147,509
Bond Fees	17,016	19,398
Criminal Court Costs/Fees	10,559	11,223
Service/Collection Fees (e.g., credit card fees, report fees, third-party service fees)	1,924	2,769
<b>Subtotal Collections</b>	<b>201,554</b>	<b>180,899</b>
<b>Less: Amounts Disbursed to Governments and Nonprofits</b>		
Louisiana Commission on Law Enforcement - Post Fees	-	11,600
Louisiana Commission on Law Enforcement - Crime Victims	-	128
Northeast Crime Lab - Lab Fees	-	10,230
State of Louisiana, Treasurer - CMIS Fees	-	1,039
Louisiana Commission on Law Enforcement - Trust Fund	-	936
<b>Less: Amounts Retained by Collecting Agency</b>		
Self-Disbursed: Bond Fees	17,016	19,398
Self-Disbursed: Criminal Court Costs/Fees	10,559	11,223
Self-Disbursed: Civil Fines - Other	155,147	138,971
Self-Disbursed: Service/Collection Fees	1,924	2,680
<b>Less: Disbursements to Individuals/Third-Party Collection or Processing Agencies</b>		
Civil Fee Refunds	-	57
Bond Fee Refunds	-	250
Other Disbursements to Individuals (additional detail is not required)	-	207
<b>Subtotal Disbursements/Retainage</b>	<b>184,646</b>	<b>196,719</b>
<b>Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<b>\$ 26,239</b>	<b>\$ 10,419</b>
<b>Other Information</b>		
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, 2022 and June 30, 2023**

**Exhibit 9**

	<b>First Six- Month Period Ended 12/31/2022</b>	<b>Second Six- Month Period Ended 6/30/2023</b>
<b>Receipts from:</b>		
LA Department of Public Safety and Corrections - Bond Settlement Fees	\$ 75	\$ 125
<b>Subtotal Receipts</b>	<u>\$ 75</u>	<u>\$ 125</u>
<b>Ending Balance of Amounts Assessed but not Received</b>	<u>\$ -</u>	<u>\$ -</u>

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2023, 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 19, 2023.

**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 no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

A Professional Accounting Corporation

Baton Rouge, LA  
December 19, 2023

**CITY OF TALLULAH, LOUISIANA**  
**Schedule of Findings and Responses (Continued)**  
**For Year Ended June 30, 2023**

**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?	None
d. Other matter?	No

Federal Awards

Not applicable.

**B. Findings - Financial Statement Audit**

None.

**C. Other Matters**

None.

**CITY OF TALLULAH, LOUISIANA**  
**Schedule of Prior Year Findings and Responses**  
**For Year Ended June 30, 2023**

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

This finding has been resolved

## **AGREED-UPON PROCEDURES REPORT**

City of Tallulah, Louisiana

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period July 1, 2022 - June 30, 2023**

To the Honorable Charles Finlayson  
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, 2022 through June 30, 2023. 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, 2022 through June 30, 2023. 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) *Written Policies and Procedures***

---

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

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

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

## 2) **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 b, we noted 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.

## 3) **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 (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:** No exceptions were noted as a result of performing these procedures.

#### **4) 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 #3A 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:** We were not able to perform procedures i, ii, and iv as a collections log is not kept. We noted no other exceptions in the performance of these procedures.

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

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - ii. At least two employees are involved in processing and approving payments to vendors.
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - v. Only employee/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - i. Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

## **6) 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 #6B 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 did not observe evidence that the monthly statement was reviewed and approved in writing by someone other than the authorized card holder (a) outside of the Mayor signing the checks. While performing procedure b, we noted late fees assessed on two statements. We performed procedure c and noted that original itemized receipt was not retained for 6 of 16 transactions. For 4 meal transactions, individuals participating was not documented, and for 7 of 16 transactions a documented business/public purpose was not documented.

## **7) 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](http://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 (procedure #1h).
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

## **8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

## **9) *Payroll and Personnel***

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- 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 #9A 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:** No exceptions were noted as a result of performing these procedures.

## 10) *Ethics*

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- A. Using the 5 randomly selected employees/officials from procedure #9A under “Payroll and Personnel” above: obtain ethics documentation from management, and:
- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - ii. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** For the 1 of the 5 employees/officials selected, we were unable to observe documentation that each employee completed one hour of ethics training during the fiscal period.

## 11) *Debt Service*

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

## 12) *Fraud Notice*

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- B. Observe that the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

### **13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, verbally discuss the results with management, and report: “We performed the procedures and discussed the results with management.”
  - i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - ii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C:
  - i. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

### **14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

**Results:** For the 5 employees/officials selected, we were unable to observe documentation that each employee completed at least one hour of sexual harassment training during the calendar year. We performed procedure b above without exception. We were unable to observe the City's annual sexual harassment report. We were engaged by the City. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review 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.



A Professional Accounting Corporation

Baton Rouge, LA  
December 19, 2023

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

RE: SAUP Agreed-Upon Procedures

The management of the City of Tallulah wishes to provide the following responses relative to the results of the 2023 statewide agreed-upon procedures engagement:

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

Sincerely,



Charles Finlayson  
Mayor