

CITY OF TALLAPOOSA, GEORGIA

Annual Financial Report

For the fiscal year ended August 31, 2017

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CITY OF TALLAPOOSA, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended August 31, 2017

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Tallapoosa, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tallapoosa, Georgia, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tallapoosa, Georgia, as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and the Urban Development Action Grant Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 11 and 63 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tallapoosa, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Tallapoosa, Georgia's basic financial statements for the year ended August 31, 2016, which are not presented with the accompanying financial statements. In our report dated February 1, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tallapoosa's basic financial statements as a whole.

The combining and individual fund financial statements and schedules related to the 2016 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2016 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018 on our consideration of the City of Tallapoosa, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 of Tallapoosa, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 22, 2018

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CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

Our discussion and analysis of the City of Tallapoosa's financial performance provides an overview of the City's financial activities for the year ended August 31, 2017. Please read it in conjunction with the City's financial statements, which begin on page 12.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and user charges from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and welfare, culture and recreation and housing and development. Business-type activities include the water and sewer system, gas system, sanitation services and operation of the municipal golf course.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

The City's financial reporting includes the funds of the City (primary government) and, additionally, organizations for which the City is accountable (component units). These component units operate independently or provide services directly to the citizens, though the City remains accountable for their activities. These component units are governed by a board of directors that the City Council has appointed. These organizations are reported separately from the primary government though included in the City's overall reporting entity.

The government-wide financial statements are presented on pages 12 to 14 of this report.

Fund Financial Statements

A fund is an accountable unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 to 20 of this report.

Proprietary funds are reported in the fund financial statements the same way the business-type activities are reported in the Statement of Net Position and the Statement of Activities. The basic proprietary fund financial statements are presented on pages 21 to 25 of this report.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are on pages 28 to 62 of this report.

Other Information

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City's net position at year-end is \$15,952,696. This is a \$630,497 increase from last year's net position of \$15,322,199.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

The following table provides a summary of the City's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 2,914,375	\$ 2,603,451	\$ 2,874,960	\$ 2,785,253	\$ 5,789,335	\$ 5,388,704
Noncurrent assets	<u>2,715,231</u>	<u>2,660,638</u>	<u>14,224,384</u>	<u>13,796,275</u>	<u>16,939,615</u>	<u>16,456,913</u>
Total assets	<u>5,629,606</u>	<u>5,264,089</u>	<u>17,099,344</u>	<u>16,581,528</u>	<u>22,728,950</u>	<u>21,845,617</u>
Total deferred outflows	<u>172,066</u>	<u>207,118</u>	<u>120,001</u>	<u>143,089</u>	<u>292,067</u>	<u>350,207</u>
Current liabilities	196,156	153,045	717,764	671,268	913,920	824,313
Noncurrent liabilities	<u>316,891</u>	<u>559,413</u>	<u>5,466,302</u>	<u>5,340,765</u>	<u>5,783,193</u>	<u>5,900,178</u>
Total liabilities	<u>513,047</u>	<u>712,458</u>	<u>6,184,066</u>	<u>6,012,033</u>	<u>6,697,113</u>	<u>6,724,491</u>
Total deferred inflows	<u>223,574</u>	<u>89,686</u>	<u>147,634</u>	<u>59,448</u>	<u>371,208</u>	<u>149,134</u>
Net position:						
Net investment in capital assets	2,690,233	2,660,638	8,594,561	8,538,645	11,284,794	11,199,283
Restricted for:						
Law enforcement	61	61	0	0	61	61
Urban development	677,192	676,677	0	0	677,192	676,677
Capital outlay	409,275	339,257	0	0	409,275	339,257
Debt service	0	0	1,122,287	1,119,920	1,122,287	1,119,920
Unrestricted	<u>1,288,290</u>	<u>992,430</u>	<u>1,170,797</u>	<u>994,571</u>	<u>2,459,087</u>	<u>1,987,001</u>
Total net position	<u>\$ 5,065,051</u>	<u>\$ 4,669,063</u>	<u>\$ 10,887,645</u>	<u>\$ 10,653,136</u>	<u>\$ 15,952,696</u>	<u>\$ 15,322,199</u>

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

The following table provides a summary of changes in net position.

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service	\$ 190,695	\$ 170,339	\$ 3,396,089	\$ 3,415,806	\$ 3,586,784	\$ 3,586,145
Operating grants and contributions	0	137,339	0	0	0	137,339
Capital grants and contributions	403,170	361,006	158,270	460,021	561,440	821,027
General revenues:						
Sales tax	525,061	511,519	0	0	525,061	511,519
Property taxes	826,834	835,374	0	0	826,834	835,374
Insurance premium	198,040	182,830	0	0	198,040	182,830
Other taxes	497,497	525,493	0	0	497,497	525,493
Miscellaneous & interest	52,286	48,707	38,137	70,898	90,423	119,605
Total revenues	2,693,583	2,772,607	3,592,496	3,946,725	6,286,079	6,719,332
Expenses:						
General government	395,051	384,201			395,051	384,201
Public safety	1,115,033	1,091,848			1,115,033	1,091,848
Public works	401,486	326,124			401,486	326,124
Health and welfare	50,456	52,638			50,456	52,638
Recreation and culture	460,746	433,268			460,746	433,268
Housing & development	9,495	9,570			9,495	9,570
Total	2,432,267	2,297,649				
Water and sewer			1,452,140	2,144,257	1,452,140	2,144,257
Gas			1,097,779	1,021,058	1,097,779	1,021,058
Sanitation			268,674	256,066	268,674	256,066
Golf			404,722	439,121	404,722	439,121
Total			3,223,315	3,860,502		
Total expenses					5,655,582	6,158,151
Change in net position before transfers	261,316	474,958	369,181	86,223	630,497	561,181
Transfers	134,672	62,914	(134,672)	(62,914)	0	0
Change in net position	395,988	537,872	234,509	23,309	630,497	561,181
Beginning net position	4,669,063	4,131,191	10,653,136	10,629,827	15,322,199	14,761,018
Ending net position	\$ 5,065,051	\$ 4,669,063	\$ 10,887,645	\$ 10,653,136	\$ 15,952,696	\$ 15,322,199

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$2,741,448. The total ending fund balances of governmental funds show an increase of \$284,149 over the prior year balance of \$2,457,299.

Major Governmental Funds

The General Fund is the City's primary operating fund. The fund balance of the General Fund increased from \$1,414,542 to \$1,649,510. Key factors contributing to the increase included an increase in revenues (predominantly in taxes and fines and forfeitures) and a small increase in expenditures. The fund balance of the Urban Development Action Grant Fund increased from \$676,677 to \$677,192. The fund balance of the 2010 SPLOST Fund remained the same from fiscal year 2016 to 2017 at \$117,635. The fund balance of the 2015 SPLOST Fund increased from \$221,622 to \$291,640 due to SPLOST revenues exceeding current year expenditures and transfers out.

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The water and gas systems provide services to both residential and commercial customers. The City also operates a golf course for public use.

General Fund Budgetary Highlights

The budget was approved by the Council with expenditures totaling \$2,208,761. Amendments were made to the budget during the year to increase total budgeted expenditures to \$2,495,684.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2017, the City had \$16,939,615 invested in a broad range of capital assets including buildings, police and fire equipment, recreation facilities, and water, sewer and gas infrastructure. Please refer to our analysis below for a breakdown of the City's capital assets and to Note 8 in the notes to the financial statements for more information.

The following table provides a summary of Capital Assets.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 456,132	\$ 456,132	\$ 142,816	\$ 142,816	\$ 598,948	\$ 598,948
Buildings and improvements	1,139,370	1,174,230	2,959	3,452	1,142,329	1,177,682
Equipment and Vehicles	155,077	175,716	154,489	168,437	309,566	344,153
Water/Sewer Distribution	0	0	11,926,262	9,120,648	11,926,262	9,120,648
Gas Distribution	0	0	1,357,208	1,360,814	1,357,208	1,360,814
Infrastructure	964,652	854,560	0	0	964,652	854,560
Construction in progress	0	0	640,650	3,000,108	640,650	3,000,108
Totals	<u>\$ 2,715,231</u>	<u>\$ 2,660,638</u>	<u>\$ 14,224,384</u>	<u>\$ 13,796,275</u>	<u>\$ 16,939,615</u>	<u>\$ 16,456,913</u>

Debt

The total long-term debt of the City outstanding at August 31, 2017 was \$5,451,638. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems. Please refer to our analysis below for the breakdown of the City's outstanding debt and to Note 10 to the basic financial statements.

The following table provides a summary of Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Capital leases	\$ 0	\$ 0	\$ 93,251	\$ 119,646	\$ 93,251	\$ 119,646
Notes payable	0	0	5,358,387	5,000,018	5,358,387	5,000,018
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,451,638</u>	<u>\$ 5,119,664</u>	<u>\$ 5,451,638</u>	<u>\$ 5,119,664</u>

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2017

Next Year's Budget

The General Fund budget for the year ending August 31, 2018 reflects expenditures of \$2,280,979. This is an approximate 8.60% decrease over the final budget for the year ended August 31, 2017.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department at 25 E. Alabama Street, Tallapoosa, Georgia 30176.

BASIC FINANCIAL STATEMENTS

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
August 31, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,286,671	\$ 46,308	\$ 2,332,979	\$ 1,055,764
Certificates of deposit	799,880	258,590	1,058,470	660,642
Restricted assets				
Cash and cash equivalents	0	82,949	82,949	0
Certificates of deposit	0	1,169,553	1,169,553	0
Receivables (net)				
Accounts	5,382	341,038	346,420	0
Intergovernmental	82,543	509,782	592,325	17,805
Taxes	92,556	0	92,556	0
Inventory	0	33,462	33,462	0
Prepaid items	53,855	26,766	80,621	0
Internal balances	(406,512)	406,512	0	0
Total current assets	2,914,375	2,874,960	5,789,335	1,734,211
Noncurrent assets				
Capital assets				
Non-depreciable	456,132	783,466	1,239,598	1,789,198
Depreciable (net)	2,259,099	13,440,918	15,700,017	0
Total noncurrent assets	2,715,231	14,224,384	16,939,615	1,789,198
Total assets	5,629,606	17,099,344	22,728,950	3,523,409
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	82,058	54,713	136,771	0
Pension experience differences	8,530	6,187	14,717	0
Pension investment return differences	81,478	59,101	140,579	0
Total deferred outflows of resources	172,066	120,001	292,067	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	123,717	326,510	450,227	0
Intergovernmental	17,805	0	17,805	318,898
Retainage	0	29,785	29,785	0
Interest	0	270	270	0
Accrued liabilities	15,812	13,138	28,950	0
Compensated absences	38,822	23,552	62,374	0
Capital lease payable	0	31,383	31,383	0
Liabilites payable from restricted assets				
Customer deposits payable	0	107,530	107,530	0
Accrued interest	0	9,986	9,986	0
Notes payable	0	175,610	175,610	0
Total current liabilities	196,156	717,764	913,920	318,898

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
August 31, 2017

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Noncurrent liabilities				
Net pension liability	\$ 316,891	\$ 221,657	\$ 538,548	\$ 0
Capital lease payable	0	61,868	61,868	0
Notes payable	0	5,182,777	5,182,777	0
Total noncurrent liabilities	316,891	5,466,302	5,783,193	0
Total liabilities	513,047	6,184,066	6,697,113	318,898
DEFERRED INFLOWS OF RESOURCES				
Pension experience differences	131,535	86,702	218,237	0
Pension investment return differences	86,200	57,065	143,265	0
Pension assumption changes	5,839	3,867	9,706	0
Total deferred inflows of resources	223,574	147,634	371,208	0
NET POSITION				
Net investment in capital assets	2,690,233	8,594,561	11,284,794	1,789,198
Restricted for:				
Law enforcement	61	0	61	0
Urban development	677,192	0	677,192	0
Capital outlay	409,275	0	409,275	0
Debt service	0	1,122,287	1,122,287	0
Unrestricted	1,288,290	1,170,797	2,459,087	1,415,313
Total net position	<u>\$ 5,065,051</u>	<u>\$ 10,887,645</u>	<u>\$ 15,952,696</u>	<u>\$ 3,204,511</u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 395,051	\$ 11,118	\$ 0	\$ 49,258	\$ (334,675)
Public Safety	1,115,033	88,320	0	23,456	(1,003,257)
Public Works	401,486	6,294	0	278,914	(116,278)
Health and Welfare	50,456	13,341	0	3,127	(33,988)
Culture and Recreation	460,746	71,622	0	37,938	(351,186)
Housing and Development	9,495	0	0	10,477	982
Total governmental activities	2,432,267	190,695	0	403,170	(1,838,402)
Business-type activities					
Water and Sewer	1,452,140	1,371,332	0	158,270	77,462
Gas	1,097,779	1,406,333	0	0	308,554
Sanitation	268,674	313,351	0	0	44,677
Golf	404,722	305,073	0	0	(99,649)
Total business-type activities	3,223,315	3,396,089	0	158,270	331,044
Total primary government	5,655,582	3,586,784	0	561,440	(1,507,358)
Component Units					
Tallapoosa Development Authority	36,692	0	0	0	(36,692)
Tallapoosa Recreation Authority	0	0	0	0	0
Downtown Development Authority	8,508	0	7,654	0	(854)
Total component units	45,200	0	7,654	0	(37,546)
		Primary Government			
		Governmental Activities	Business-Type Activities	Total	Component Units
Change in net position					
Net (expense) revenue	\$ (1,838,402)	\$ 331,044	\$ (1,507,358)	\$ (37,546)	
General revenues					
Taxes					
Property	826,834	0	826,834	0	
Sales	525,061	0	525,061	0	
Hotel/Motel	23,832	0	23,832	0	
Insurance premium	198,040	0	198,040	0	
Franchise	333,397	0	333,397	0	
Other	140,268	0	140,268	0	
Interest and investment earnings	1,364	2,942	4,306	1,272	
Miscellaneous	50,922	35,195	86,117	0	
Transfers	134,672	(134,672)	0	0	
Total general revenues and transfers	2,234,390	(96,535)	2,137,855	1,272	
Change in net position	395,988	234,509	630,497	(36,274)	
Net position - beginning	4,669,063	10,653,136	15,322,199	3,240,785	
Net position - ending	\$ 5,065,051	\$ 10,887,645	\$ 15,952,696	\$ 3,204,511	

CITY OF TALLAPOOSA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2017

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 1,394,028	\$ 105,068	\$ 118,835	\$ 663,269	\$ 5,471	\$ 2,286,671
Certificates of deposit	134,951	664,929	0	0	0	799,880
Receivables (net)						
Accounts	5,382	0	0	0	0	5,382
Intergovernmental	0	0	0	82,543	0	82,543
Taxes	90,474	0	0	0	2,082	92,556
Due from other funds	4,849	0	0	0	0	4,849
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	53,855	0	0	0	0	53,855
Total assets	\$ 1,776,344	\$ 769,997	\$ 118,835	\$ 745,812	\$ 7,553	\$ 3,418,541
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 77,624	\$ 0	\$ 0	\$ 45,260	\$ 833	\$ 123,717
Intergovernmental payables	17,805	0	0	0	0	17,805
Accrued liabilities	15,812	0	0	0	0	15,812
Due to other funds	0	0	1,200	408,912	1,249	411,361
Advances from other funds	0	92,805	0	0	0	92,805
Total liabilities	111,241	92,805	1,200	454,172	2,082	661,500
Deferred inflows of resources						
Unavailable revenue - property taxes	15,593	0	0	0	0	15,593
Fund balances						
Nonspendable:						
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	53,855	0	0	0	0	53,855
Restricted for:						
Law enforcement	0	0	0	0	61	61
Urban development	0	677,192	0	0	0	677,192
Capital outlay	0	0	117,635	291,640	0	409,275
Committed for:						
Museum operations	0	0	0	0	3,974	3,974
Community planning	0	0	0	0	1,436	1,436
Unassigned	1,502,850	0	0	0	0	1,502,850
Total fund balances	1,649,510	677,192	117,635	291,640	5,471	2,741,448
Total liabilities, deferred inflows, and fund balances	\$ 1,776,344	\$ 769,997	\$ 118,835	\$ 745,812	\$ 7,553	\$ 3,418,541

CITY OF TALLAPOOSA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
August 31, 2017

Total fund balance - total governmental funds	\$	2,741,448
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Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets	\$ 6,144,828	
Accumulated depreciation	<u>(3,429,597)</u>	2,715,231

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are unavailable property taxes.	15,593
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date	\$ 82,058	
Pension experience differences	8,530	
Pension investment return differences	81,478	

Deferred inflows of resources:

Pension experience differences	(131,535)	
Pension investment return differences	(86,200)	
Pension assumption changes	<u>(5,839)</u>	(51,508)

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Compensated absences	\$ (38,822)	
Net pension liability	<u>(316,891)</u>	<u>(355,713)</u>

Net position of the governmental activities	\$	<u>5,065,051</u>
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CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended August 31, 2017

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 2,039,408	\$ 0	\$ 0	\$ 0	\$ 23,832	\$ 2,063,240
Licenses and permits	13,344	0	0	0	0	13,344
Fines, fees and forfeitures	75,857	0	0	0	0	75,857
Charges for services	79,980	0	0	0	17,459	97,439
Intergovernmental	88,689	0	0	318,278	0	406,967
Interest	848	515	0	257	1	1,621
Other	50,922	0	0	0	0	50,922
Total revenues	2,349,048	515	0	318,535	41,292	2,709,390
EXPENDITURES						
Current						
General Government	356,292	0	0	0	0	356,292
Public Safety	1,134,219	0	0	0	0	1,134,219
Public Works	508,553	0	0	0	0	508,553
Health and Welfare	50,456	0	0	0	0	50,456
Culture and Recreation	437,093	0	0	0	38,812	475,905
Housing and Development	0	0	0	0	9,490	9,490
Capital Outlay	0	0	0	24,998	0	24,998
Total expenditures	2,486,613	0	0	24,998	48,302	2,559,913
Excess (deficiency) of revenues over (under) expenditures	(137,565)	515	0	293,537	(7,010)	149,477
Other financing sources (uses)						
Transfers in	560,338	0	0	0	0	560,338
Transfers out	(187,805)	0	0	(223,519)	(14,342)	(425,666)
Total other financing sources (uses)	372,533	0	0	(223,519)	(14,342)	134,672
Net change in fund balances	234,968	515	0	70,018	(21,352)	284,149
Fund balances, September 1	1,414,542	676,677	117,635	221,622	26,823	2,457,299
Fund balances, August 31	\$ 1,649,510	\$ 677,192	\$ 117,635	\$ 291,640	\$ 5,471	\$ 2,741,448

CITY OF TALLAPOOSA, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2017

Net change in fund balances - total governmental funds **\$ 284,149**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$	224,259	
Depreciation		<u>(169,666)</u>	54,593

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenues. (15,810)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$	89,956	
Cost of benefits earned net of employee contributions		<u>(16,373)</u>	73,583

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the net change in compensated absences. (527)

Change in net position of governmental activities	\$	<u><u>395,988</u></u>
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CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2017

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,970,653	\$ 2,018,331	\$ 2,039,408	\$ 21,077
Licenses and permits	17,053	13,444	13,344	(100)
Fines, fees and forfeitures	32,851	79,991	75,857	(4,134)
Charges for services	86,301	79,980	79,980	0
Intergovernmental	65,438	88,689	88,689	0
Interest	11	43	848	805
Other	46,063	50,922	50,922	0
Total revenues	2,218,370	2,331,400	2,349,048	17,648
EXPENDITURES				
Current				
General Government				
Administration	261,108	265,369	268,963	(3,594)
Mayor and Council	59,245	64,875	63,577	1,298
Other General Government	22,109	25,052	23,752	1,300
Public Safety				
Police Department	893,550	893,629	895,474	(1,845)
Fire Department	305,450	240,068	238,745	1,323
Public Works				
Highways and Streets	234,750	514,197	493,778	20,419
Cemetery	11,800	12,781	14,775	(1,994)
Health and Welfare				
Senior Center	54,662	48,463	50,456	(1,993)
Culture and Recreation				
Recreation	206,800	255,824	257,682	(1,858)
Museum	48,155	57,675	59,668	(1,993)
Library	111,132	117,751	119,743	(1,992)
Total expenditures	2,208,761	2,495,684	2,486,613	9,071
Excess (deficiency) of revenues over (under) expenditures	9,609	(164,284)	(137,565)	26,719
Other financing sources (uses)				
Transfers in	14,210	13,553	560,338	546,785
Transfers out	0	0	(187,805)	(187,805)
Total other financing sources (uses)	14,210	13,553	372,533	358,980
Net change in fund balance	23,819	(150,731)	234,968	385,699
Fund balances, September 1	(23,819)	150,731	1,414,542	1,263,811
Fund balances, August 31	\$ 0	\$ 0	\$ 1,649,510	\$ 1,649,510

CITY OF TALLAPOOSA, GEORGIA
URBAN DEVELOPMENT ACTION GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ 436	\$ 53	\$ 515	\$ 462
Total revenues	<u>436</u>	<u>53</u>	<u>515</u>	<u>462</u>
EXPENDITURES				
Current				
Housing and Development	0	5	0	5
Total expenditures	<u>0</u>	<u>5</u>	<u>0</u>	<u>5</u>
Net change in fund balance	436	48	515	467
Fund balances, September 1	<u>(436)</u>	<u>(48)</u>	<u>676,677</u>	<u>676,725</u>
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 677,192</u>	<u>\$ 677,192</u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2017

	Business-Type Activities				
	Water and Sewer	Gas	(Non-major) Sanitation	Golf	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 24,692	\$ 21,416	\$ 0	\$ 200	\$ 46,308
Certificates of deposit	0	258,590	0	0	258,590
Restricted assets					
Cash and cash equivalents	76,387	6,562	0	0	82,949
Certificates of deposit	1,129,575	39,978	0	0	1,169,553
Accounts receivable (net)	183,666	124,579	25,275	7,518	341,038
Intergovernmental receivables	190,884	0	0	318,898	509,782
Due from other funds	406,512	0	0	0	406,512
Inventory	5,000	28,462	0	0	33,462
Prepaid items	15,933	3,859	3,115	3,859	26,766
Total current assets	2,032,649	483,446	28,390	330,475	2,874,960
Noncurrent assets					
Capital assets					
Non-depreciable	640,650	0	0	142,816	783,466
Depreciable (net)	11,956,304	1,360,169	0	124,445	13,440,918
Total noncurrent assets	12,596,954	1,360,169	0	267,261	14,224,384
Total assets	14,629,603	1,843,615	28,390	597,736	17,099,344
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	15,038	29,628	0	10,047	54,713
Pension experience differences	2,074	2,805	0	1,308	6,187
Pension investment return differences	19,810	26,793	0	12,498	59,101
Total deferred outflows of resources	36,922	59,226	0	23,853	120,001
LIABILITIES					
Current liabilities					
Payables					
Accounts	237,951	51,844	22,560	14,155	326,510
Retainage	29,785	0	0	0	29,785
Interest	0	0	0	270	270
Accrued liabilities	1,246	8,315	0	3,577	13,138
Compensated absences	1,739	19,179	0	2,634	23,552
Capital lease payable	0	0	0	31,383	31,383
Liabilities payable from restricted assets					
Customer deposits payable	60,990	46,540	0	0	107,530
Accrued interest	9,986	0	0	0	9,986
Notes payable	175,610	0	0	0	175,610
Total current liabilities	517,307	125,878	22,560	52,019	717,764

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2017

	Business-Type Activities				
	Water and Sewer	Gas	(Non-major) Sanitation	Golf	Totals
Noncurrent liabilities					
Net pension liability	\$ 55,496	\$ 120,132	\$ 0	\$ 46,029	\$ 221,657
Capital lease payable	0	0	0	61,868	61,868
Notes payable	5,182,777	0	0	0	5,182,777
Total noncurrent liabilities	5,238,273	120,132	0	107,897	5,466,302
Total liabilities	5,755,580	246,010	22,560	159,916	6,184,066
DEFERRED INFLOWS OF RESOURCES					
Pension experience differences	30,314	41,776	0	14,612	86,702
Pension investment return differences	18,908	28,290	0	9,867	57,065
Pension assumption changes	612	2,496	0	759	3,867
Total deferred inflows of resources	49,834	72,562	0	25,238	147,634
NET POSITION					
Net investment in capital assets	7,060,382	1,360,169	0	174,010	8,594,561
Restricted for debt service	1,122,287	0	0	0	1,122,287
Unrestricted	678,442	224,100	5,830	262,425	1,170,797
Total net position	\$ 8,861,111	\$ 1,584,269	\$ 5,830	\$ 436,435	\$ 10,887,645

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2017

	Business-Type Activities				
	Water and Sewer	Gas	(Non-major) Sanitation	Golf	Totals
OPERATING REVENUES					
Charges for sales and services	\$ 1,371,332	\$ 1,406,333	\$ 313,351	\$ 305,073	\$ 3,396,089
Other	5,110	17,185	0	12,900	35,195
Total operating revenues	1,376,442	1,423,518	313,351	317,973	3,431,284
OPERATING EXPENSES					
Costs of sales and services	846,413	700,910	262,759	200,743	2,010,825
Personal services	277,772	358,542	5,915	166,948	809,177
Depreciation	218,690	38,327	0	33,243	290,260
Total operating expenses	1,342,875	1,097,779	268,674	400,934	3,110,262
Operating income (loss)	33,567	325,739	44,677	(82,961)	321,022
Non-operating revenues (expenses)					
Intergovernmental revenue	158,270	0	0	0	158,270
Interest revenue	2,595	347	0	0	2,942
Interest expense	(109,265)	0	0	(3,788)	(113,053)
Total non-operating revenues (expenses)	51,600	347	0	(3,788)	48,159
Net income (loss) before transfers	85,167	326,086	44,677	(86,749)	369,181
Transfers in (out)					
Transfers in	223,519	0	0	187,805	411,324
Transfers out	(220,467)	(281,635)	(43,894)	0	(545,996)
Total transfers in (out)	3,052	(281,635)	(43,894)	187,805	(134,672)
Change in net position	88,219	44,451	783	101,056	234,509
Net position, September 1	8,772,892	1,539,818	5,047	335,379	10,653,136
Net position, August 31	\$ 8,861,111	\$ 1,584,269	\$ 5,830	\$ 436,435	\$ 10,887,645

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2017

	Business-Type Activities				
	Water and Sewer	Gas	(Non-major) Sanitation	Golf	Totals
Cash flows from operating activities:					
Receipts from customers	\$ 1,401,579	\$ 1,402,745	\$ 311,819	\$ 209,278	\$ 3,325,421
Payments to suppliers	(932,661)	(698,416)	(262,010)	(194,988)	(2,088,075)
Payments to employees	(299,898)	(379,089)	(5,915)	(175,082)	(859,984)
Other receipts	5,110	17,185	0	12,900	35,195
Net cash provided (used) by operating activities	174,130	342,425	43,894	(147,892)	412,557
Cash flows from non-capital financing activities:					
Receipts from other funds	0	0	0	187,805	187,805
Payments to other funds	(220,467)	(281,635)	(43,894)	0	(545,996)
Net cash provided (used) by non-capital financing activities	(220,467)	(281,635)	(43,894)	187,805	(358,191)
Cash flows from capital and related financing activities:					
Receipts from other funds	223,519	0	0	0	223,519
Payments to other funds	(322,091)	0	0	0	(322,091)
Receipts from other governments	175,230	0	0	0	175,230
Payments for acquisitions of capital assets	(557,651)	(34,229)	0	(10,000)	(601,880)
Payment of capital related accounts payable	(49,670)	(26,561)	0	0	(76,231)
Proceeds from promissory notes	493,902	0	0	0	493,902
Principal payments - capital lease payable	0	0	0	(26,395)	(26,395)
Principal payments - promissory notes	(129,844)	0	0	0	(129,844)
Interest paid	(109,114)	0	0	(3,518)	(112,632)
Net cash provided (used) by capital and related financing activities	(275,719)	(60,790)	0	(39,913)	(376,422)
Cash flows from investing activities:					
Purchases of certificates of deposit	(2,517)	(334)	0	0	(2,851)
Interest received	2,595	347	0	0	2,942
Net cash provided (used) by investing activities	78	13	0	0	91
Net increase (decrease) in cash and cash equivalents	(321,978)	13	0	0	(321,965)
Cash and cash equivalents, September 1	423,057	27,965	0	200	451,222
Cash and cash equivalents, August 31	\$ 101,079	\$ 27,978	\$ 0	\$ 200	\$ 129,257

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2017

	Business-Type Activities				
	Water and Sewer	Gas	(Non-major) Sanitation	Golf	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 33,567	\$ 325,739	\$ 44,677	\$ (82,961)	\$ 321,022
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	218,690	38,327	0	33,243	290,260
(Increase) decrease in accounts receivable	25,567	(5,958)	(1,532)	(586)	17,491
(Increase) decrease in intergovernmental receivables	0	0	0	(95,209)	(95,209)
(Increase) decrease in inventory	0	(19,118)	0	0	(19,118)
(Increase) decrease in prepaid items	(8,629)	(1,308)	(1,298)	(1,308)	(12,543)
(Increase) decrease in pension contributions subsequent to measurement date	963	1,152	0	415	2,530
Increase (decrease) in accounts payable	(76,782)	19,018	2,047	6,717	(49,000)
Increase (decrease) in accrued liabilities	(837)	3,902	0	346	3,411
Increase (decrease) in customer deposits payable	4,680	2,370	0	0	7,050
Increase (decrease) in compensated absences	(3,673)	1,514	0	(183)	(2,342)
Increase (decrease) in net pension liability	(60,819)	(72,714)	0	(26,206)	(159,739)
Increase (decrease) in pension investment return differences	18,341	21,929	0	7,903	48,173
Increase (decrease) in pension assumption changes	(1,468)	(1,755)	0	(632)	(3,855)
Increase (decrease) in pension experience differences	24,530	29,327	0	10,569	64,426
Total adjustments	140,563	16,686	(783)	(64,931)	91,535
Net cash provided (used) by operating activities	\$ 174,130	\$ 342,425	\$ 43,894	\$ (147,892)	\$ 412,557
Cash and cash equivalents reconciliation:					
Cash and cash equivalents	\$ 24,692	\$ 21,416	\$ 0	\$ 200	\$ 46,308
Restricted assets					
Cash and cash equivalents	76,387	6,562	0	0	82,949
Total cash and cash equivalents	\$ 101,079	\$ 27,978	\$ 0	\$ 200	\$ 129,257

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$116,489.

Increase in notes payable through intergovernmental receivable totaled \$90,719.

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
August 31, 2017

	Tallapoosa Development Authority	Tallapoosa Recreation Authority	Downtown Development Authority	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 617,733	\$ 423,403	\$ 14,628	\$ 1,055,764
Certificates of deposit	660,642	0	0	660,642
Intergovernmental receivables	17,805	0	0	17,805
Total current assets	1,296,180	423,403	14,628	1,734,211
Noncurrent assets				
Capital assets				
Non-depreciable	44,848	1,733,846	10,504	1,789,198
Total assets	1,341,028	2,157,249	25,132	3,523,409
LIABILITIES				
Current liabilities				
Intergovernmental payables	0	318,898	0	318,898
NET POSITION				
Investment in capital assets	44,848	1,733,846	10,504	1,789,198
Unrestricted	1,296,180	104,505	14,628	1,415,313
Total net position	\$ 1,341,028	\$ 1,838,351	\$ 25,132	\$ 3,204,511

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended August 31, 2017

	Tallapoosa Development Authority	Tallapoosa Recreational Authority	Downtown Development Authority	Totals
Expenses				
Housing and Development	\$ 36,692	\$ 0	\$ 8,508	\$ 45,200
Total expenses	<u>36,692</u>	<u>0</u>	<u>8,508</u>	<u>45,200</u>
Program revenues				
Operating grants and contributions	<u>0</u>	<u>0</u>	<u>7,654</u>	<u>7,654</u>
Net (expense) revenue	(36,692)	0	(854)	(37,546)
General revenues				
Interest and investment earnings	<u>1,188</u>	<u>84</u>	<u>0</u>	<u>1,272</u>
Change in net position	(35,504)	84	(854)	(36,274)
Net position, September 1	<u>1,376,532</u>	<u>1,838,267</u>	<u>25,986</u>	<u>3,240,785</u>
Net position, August 31	<u><u>\$ 1,341,028</u></u>	<u><u>\$ 1,838,351</u></u>	<u><u>\$ 25,132</u></u>	<u><u>\$ 3,204,511</u></u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

1. Description of Government Unit

The City of Tallapoosa, Georgia (the City) is located in Haralson County about 50 miles west of Atlanta. The City provides a full range of governmental services, including public safety, highways and streets, recreational and cultural programs, and general administrative services, as well as water and sewer, natural gas, and sanitation services provided through enterprise funds. The City is governed by an elected Mayor-Council form of government.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Tallapoosa, Georgia (the primary government) and material component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of the following component units have been included as either blended or discretely presented component units.

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Tallapoosa Development Authority

The Tallapoosa Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The City Council appoints all board members. The Development Authority was created to promote and expand industry, welfare and trade for the public good and welfare of the City of Tallapoosa.

The Tallapoosa Development Authority is reported in a separate column to emphasize that it is legally separate from the City. The Tallapoosa Development Authority has a August 31st year-end. Individual financial statements may be obtained by contacting the Tallapoosa Development Authority, 25 E. Alabama Street, Tallapoosa, GA 30176.

Tallapoosa Downtown Development Authority

The Tallapoosa Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The City Council appoints all board members. The Downtown Development Authority was created to promote and expand industry, welfare and trade for the public good and welfare of the City of Tallapoosa.

The Tallapoosa Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. The Tallapoosa Downtown Development Authority has a August 31st year-end. Individual financial statements may be obtained by contacting the Tallapoosa Downtown Development Authority, 25 E. Alabama Street, Tallapoosa, GA 30176.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Tallapoosa Recreational Authority

The Tallapoosa Recreational Authority was established as a legally separate entity. The City Council appoints all board members. The Recreational Authority was created to assist the City in providing quality recreation programs for the citizens.

The Tallapoosa Recreational Authority is reported in a separate column to emphasize that it is legally separate from the City. The Tallapoosa Recreational Authority has a August 31th year-end. Individual financial statements may be obtained by contacting the Tallapoosa Recreational Authority, 25 E. Alabama Street, Tallapoosa, GA 30176.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has three discretely presented component units, which are combined in one column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Water and Sewer, Gas and Sanitation Enterprise Funds and the other functions of the government. Elimination of these charges would distort the direct costs of program revenues reported for the various functions concerned.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for and reported in another fund.

Urban Development Action Grant Fund (UDAG) – Accounts for revenues and expenditures of promoting urban economic development.

2010 SPLOST Fund – Accounts for long-term projects financed by the passage of the Haralson County, Georgia 2010 special purpose local option sales tax.

2015 SPLOST Fund – Accounts for long-term projects financed by the passage of the Haralson County, Georgia 2015 special purpose local option sales tax.

The City reports the following major proprietary funds:

Water and Sewer Enterprise Fund - Accounts for activities in providing water and sewer services to the public.

Gas Enterprise Fund - Accounts for activities in providing gas utilities to the public.

Golf Enterprise Fund - Accounts for activities in operating the Municipal Golf Course.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

Proprietary Fund Types

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Interfund Activity

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer, Gas, Sanitation and Golf Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. Budgets and Budgetary Accounting

The City Council adopts an operating budget for all governmental fund types, except for the Capital Projects Funds, for the upcoming fiscal year, prior to September 1. Capital budgets are adopted for Capital Projects Funds. The budgets are prepared based on requests made by various department heads. The adopted budgets include proposed expenditures and the means of financing them. Prior to budgets being legally enacted through passage of an ordinance, public hearings are held to obtain taxpayer comments. The budgets are prepared on the modified accrual basis of accounting. The City does not use an encumbrance system which records commitments related to unperformed contracts for goods and services.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

H. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

I. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Inventories

Inventories of the Water and Sewer Enterprise Fund and Gas Enterprise Fund are valued at cost on the first-in, first-out method.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2017, are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended August 31, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The City is a Phase 3 entity and is not required to record infrastructure from years prior to implementation to the reporting model.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

Land and construction-in-progress are not depreciated. The other property, plant equipment and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<u>Useful Life in Years</u>
Water and sewer distribution system	50 to 75
Gas distribution system	50 to 75
Buildings and improvements	25 to 40
Vehicles, machinery, and equipment	3 to 10
Infrastructure	15 to 50

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension plans.

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Restricted Assets and Restricted Net Position

Restricted assets consist of cash included in the City's Water and Sewerage System which reflect restrictions for future construction of facilities, retainages, revenue bond and note payable retirement.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

The City of Tallapoosa implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or motion. The City Council also may modify or rescind the commitment.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Through resolution or motion, the City Council has authorized the City's finance committee to assign fund balances.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report positive amounts this category of fund balance.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

R. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types, bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

S. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

T. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

2. Summary of Significant Accounting Policies (continued)

U. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GMEBS. 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.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City investment policies require that all deposits be federally insured or fully collateralized.

Investment policies - Credit, concentration of credit, and interest rate risk

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

Foreign currency risk

The City has no investments denominated in a foreign currency.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

4. Accounts Receivable

Net accounts receivable at August 31, 2017 consist of the following:

Major Funds			
General Fund		\$	5,382
Enterprise funds			
Water and Sewer Fund	\$ 190,131		
Less: Allowance for Uncollectibles	(6,465)		
Gas Fund	128,728		
Less: Allowance for Uncollectibles	(4,149)		
Golf Fund	<u>7,518</u>		315,763
Nonmajor Enterprise Funds			
Sanitation Fund	26,605		
Less: Allowance for Uncollectibles	<u>(1,330)</u>		<u>25,275</u>
Total primary government		\$	<u><u>346,420</u></u>

5. Intergovernmental Receivables

Intergovernmental receivables at August 31, 2017 consist of the following:

Primary Government:			
Major Funds			
2015 SPLOST Capital Projects Fund			
Haralson County, Georgia		\$	82,543
Enterprise Funds			
Water and Sewer Fund			
Georgia Environmental Facilities Authority	\$ 190,884		
Golf Fund			
Tallapoosa Recreational Authority	<u>318,898</u>		<u>509,782</u>
Total primary government		\$	<u><u>592,325</u></u>
Component Units:			
Tallapoosa Development Authority			
City of Tallapoosa, Georgia		\$	<u><u>17,805</u></u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2016, based upon the assessments of January 1, 2016, were levied on October 3, 2016, billed on October 19, 2016, and due on December 31, 2016.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of August 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2010 SPLOST	\$ 1,200
	2015 SPLOST	2,400
	UDAG	92,805
	Nonmajor Governmental	1,249
Water and Sewer	2015 SPLOST	406,512
		<u>\$ 504,166</u>

Interfund balances at August 31, 2017, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. Included above is an amount of \$92,805 due from UDAG to the General Fund that is not expected to be repaid within one year. Other interfund balances are expected to be repaid within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

7. Interfund Receivables, Payables, and Transfers (continued)

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Golf	\$ 187,805
2015 SPLOST	Water and Sewer	223,519
Nonmajor Governmental	General	14,342
Water and Sewer	General	220,467
Gas	General	281,635
Nonmajor Enterprise	General	<u>43,894</u>
		<u><u>\$ 971,662</u></u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfers from the Water and Sewer, Gas and Sanitation Funds to the General Fund are in accordance with City policy, and are common practice for government-owned utility systems. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

8. Capital Assets

Capital asset activity for the primary government for the fiscal year ended August 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 456,132	\$ 0	\$ 0	\$ 456,132
Total non-depreciable assets	<u>456,132</u>	<u>0</u>	<u>0</u>	<u>456,132</u>
Depreciable assets				
Buildings and improvements	2,535,902	37,491	0	2,573,393
Machinery and equipment	967,184	0	0	967,184
Vehicles	644,757	24,998	0	669,755
Infrastructure	1,316,594	161,770	0	1,478,364
Total depreciable assets	<u>5,464,437</u>	<u>224,259</u>	<u>0</u>	<u>5,688,696</u>
Accumulated depreciation				
Buildings and improvements	(1,361,672)	(72,351)	0	(1,434,023)
Machinery and equipment	(853,003)	(14,799)	0	(867,802)
Vehicles	(583,222)	(30,838)	0	(614,060)
Infrastructure	(462,034)	(51,678)	0	(513,712)
Total accumulated depreciation	<u>(3,259,931)</u>	<u>(169,666)</u>	<u>0</u>	<u>(3,429,597)</u>
Total depreciable assets, net	<u>2,204,506</u>	<u>54,593</u>	<u>0</u>	<u>2,259,099</u>
Governmental activities capital assets, net	<u>\$ 2,660,638</u>	<u>\$ 54,593</u>	<u>\$ 0</u>	<u>\$ 2,715,231</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 142,816	\$ 0	\$ 0	\$ 142,816
Construction in progress	3,000,108	653,878	(3,013,336)	640,650
Total non-depreciable assets	<u>3,142,924</u>	<u>653,878</u>	<u>(3,013,336)</u>	<u>783,466</u>
Depreciable assets				
Land improvements	15,656	0	0	15,656
Water and sewer distribution system	12,414,102	3,013,336	0	15,427,438
Gas distribution system	1,877,680	34,228	0	1,911,908
Buildings	205,008	0	0	205,008
Vehicles, machinery and equipment	775,751	30,263	0	806,014
Total depreciable assets	<u>15,288,197</u>	<u>3,077,827</u>	<u>0</u>	<u>18,366,024</u>
Accumulated depreciation				
Land improvements	(15,656)	0	0	(15,656)
Water and sewer distribution system	(3,293,454)	(207,722)	0	(3,501,176)
Gas distribution system	(516,866)	(37,834)	0	(554,700)
Buildings	(201,556)	(493)	0	(202,049)
Vehicles, machinery and equipment	(607,314)	(44,211)	0	(651,525)
Total accumulated depreciation	<u>(4,634,846)</u>	<u>(290,260)</u>	<u>0</u>	<u>(4,925,106)</u>
Total depreciable assets, net	<u>10,653,351</u>	<u>2,787,567</u>	<u>0</u>	<u>13,440,918</u>
Business-type activities capital assets, net	<u>\$ 13,796,275</u>	<u>\$ 3,441,445</u>	<u>\$ (3,013,336)</u>	<u>\$ 14,224,384</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

8. Capital Assets (continued)

Capital asset activity for the component units for the fiscal year ended August 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Tallapoosa Development Authority				
Nondepreciable assets				
Land	<u>\$ 44,848</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,848</u>
Tallapoosa Downtown Development Authority				
Nondepreciable assets				
Land	<u>\$ 10,504</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,504</u>
Depreciable assets				
Buildings and improvements	61,391	0	(61,391)	0
Less accumulated depreciation				
Buildings and improvements	<u>(2,455)</u>	<u>(118)</u>	<u>2,573</u>	<u>0</u>
Total depreciable assets, net	<u>58,936</u>	<u>(118)</u>	<u>(58,818)</u>	<u>0</u>
Tallapoosa Downtown Development Authority capital assets, net	<u>\$ 69,440</u>	<u>\$ (118)</u>	<u>\$ (58,818)</u>	<u>\$ 10,504</u>
Tallapoosa Recreational Authority				
Nondepreciable assets				
Land	<u>\$ 1,733,846</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,733,846</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 50,766
Public Safety	31,988
Public Works	56,508
Culture and Recreation	30,404
Total depreciation expense for governmental activities	<u>\$ 169,666</u>

Business-type activities

Water and Sewer	\$ 218,690
Gas	38,327
Golf	33,243
Total depreciation expense for business-type activities	<u>\$ 290,260</u>

Tallapoosa Downtown Development Authority Component Unit	<u>\$ 118</u>
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9. Capital Lease Agreements

The City has entered into an agreement for the lease of certain equipment. The terms of the agreement meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of the lease at August 31, 2017 is \$93,251 for the business-type activities.

Total assets leased under the capital lease totaled \$141,239 for the business-type activities. Total accumulated depreciation on assets leased under the capital lease is \$31,779 for business-type activities. The assets are included in machinery and equipment.

Amortization of leased equipment under capital leases is included with depreciation expense and totaled \$28,248 for the fiscal year ended August 31, 2017.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

9. Capital Lease Agreements (continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of August 31, 2017:

Year Ending August 31,	Business-type Activities
2018	\$ 34,185
2019	34,185
2020	29,911
Total minimum lease payments	98,281
Less amounts representing interest	(5,030)
Present value of minimum lease payments	<u>\$ 93,251</u>

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

10. Long-Term Debt

Notes Payable

Georgia Environmental Facilities Authority Note Payable - Water and Sewer Fund – DW10-029: The original amount of the loan is \$287,250 with a 3% interest rate.

Georgia Environmental Facilities Authority Notes Payable – Water and Sewer Fund – 2000-L58-WJ: The original amount of the loan was \$581,790 with a 3.4% interest rate.

Georgia Environmental Facilities Authority Notes Payable – Water and Sewer Fund – 2005-L30-WJ: The original amount of the loan was \$1,740,632 with a 4.2% interest rate.

Georgia Environmental Facilities Authority Notes Payable – Water and Sewer Fund – 2005-L30-WJA: The original amount of the loan was \$204,642 with a 4.2% interest rate.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

10. Long-Term Debt (continued)

Notes Payable, continued

Georgia Environmental Facilities Authority Note Payable – Water and Sewer Fund – CWSRF-13-011: The original amount of the loan is \$3,100,000 of which \$2,807,788 has been drawn down to date. The construction rate and permanent rate is 1.4%. Repayment is expected to begin April 1, 2018 and the maturity schedule below includes this note.

Georgia Environmental Facilities Authority Notes Payable – Water and Sewer Fund – DW14-009: The original amount of the loan is \$1,267,000 of which \$773,771 has been drawn down to date. The construction rate and permanent rate is 1.32%. There will be no payments until construction is complete. The maturity schedule below does not include this note.

Annual debt service requirements for notes payable are as follows:

Year Ending August 31,	Principal	Interest	Total
2018	\$ 175,610	\$ 81,326	\$ 256,936
2019	263,381	100,917	364,298
2020	270,606	93,691	364,297
2021	268,156	86,062	354,218
2022	244,888	79,198	324,086
2023-2027	1,328,563	291,867	1,620,430
2028-2032	1,136,245	116,875	1,253,120
2033-2037	790,369	35,548	825,917
2038	106,798	563	107,361
Totals	\$ 4,584,616	\$ 886,047	\$ 5,470,663

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

10. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for fiscal year ended August 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 38,295	\$ 38,822	\$ 38,295	\$ 38,822	\$ 38,822
Business-type Activities					
Notes payable	\$ 5,000,018	488,213	129,844	5,358,387	175,610
Capital lease obligations	119,646	0	26,395	93,251	31,383
Compensated absences	25,894	23,552	25,894	23,552	23,552
Total Business-type Activities	\$ 5,145,558	\$ 511,765	\$ 182,133	\$ 5,475,190	\$ 230,545
Downtown Development Authority Component Unit					
Notes payable	\$ 45,236	\$ 0	\$ 45,236	\$ 0	\$ 0

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund.

Total interest incurred and expensed in the business-type activities for the fiscal year ended August 31, 2017 was \$113,053. Total interest capitalized to construction projects for the fiscal year ended August 31, 2017 was \$7,396.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

11. Conduit Debt

Tallapoosa Development Authority

In November 2014, the Tallapoosa Development Authority adopted a bond resolution authorizing the issuance of \$245,000,000 of taxable revenue bonds, Series 2014. The project is referred to as Honda Precision Parts of Georgia, LLC Project and is to finance the acquisition, construction, equipping and installation of a manufacturing facility which is to be leased to the Company. The Company's rental payments under the lease shall be an amount sufficient to permit the payment of principal and interest on the bonds. At the end of the lease period the Company will have the obligation to purchase the leased property for a nominal amount. The bonds will constitute only limited obligations of the Authority and will be payable solely from the revenues assigned and pledged to the payment thereof and will not constitute a debt or general obligation; therefore, debts are not reflected on the Authority's financial statements.

12. Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended August 31, 2017:

	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:					
Law enforcement	\$ 0	\$ 0	\$ 0	\$ 61	\$ 61
Urban development	677,192	0	0	0	677,192
Capital outlay	0	117,635	291,640	0	409,275
	<u>\$ 677,192</u>	<u>\$ 117,635</u>	<u>\$ 291,640</u>	<u>\$ 61</u>	<u>\$ 1,086,528</u>
Committed for:					
Museum operations	\$ 0	\$ 0	\$ 0	\$ 3,974	\$ 3,974
Community planning	0	0	0	1,436	1,436
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,410</u>	<u>\$ 5,410</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

13. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows for the fiscal year ended August 31, 2017:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 6,144,828	\$ 19,149,490
Accumulated depreciation	(3,429,597)	(4,925,106)
Book value	2,715,231	14,224,384
Capital-related accounts payable	(24,998)	(161,099)
Retainage payable	0	(29,785)
Notes payable	0	(5,358,387)
Capital lease payable	0	(93,251)
Unspent note proceeds	0	12,699
Net investment in capital assets	<u>\$ 2,690,233</u>	<u>\$ 8,594,561</u>

14. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The Commission has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are not covered under the plan.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

14. Pension Plan (continued)

There are no loans to any of the City officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Tallapoosa. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2017, the date of the most recent actuarial valuation, there were 68 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	24
Terminated vested participants entitled to but not yet receiving benefits	12
Active participants	<u>32</u>
Total number of participants	<u><u>68</u></u>

Benefits Provided. The plan provides retirement, disability and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65. Members are eligible for early retirement at age 55 after 10 years of service. The benefit formula is 1.25% - 2.00% with a ten year vesting schedule.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City’s actuarially determined contribution rate for the fiscal year ended August 31, 2017 was \$149,206, or 11.26% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the City reported a net pension liability of \$538,548. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended August 31, 2017, the City recognized pension expense of \$27,157. For governmental activities, the net pension liability is liquidated by the General Fund.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

14. Pension Plan (continued)

At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,717	\$ (218,237)
Changes of assumptions	0	(9,706)
Net difference between projected and actual earnings on pension plan investments	140,579	(143,265)
City contributions subsequent to the measurement date	136,771	0
Totals	<u>\$ 292,067</u>	<u>\$ (371,208)</u>

The \$136,771 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending August 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending August 31	
2018	\$ (98,275)
2019	(58,115)
2020	(35,176)
2021	(24,346)
Totals	<u>\$ (215,912)</u>

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	2.50%
Net investment rate of return	7.75%

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

14. Pension Plan (continued)

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	4.55%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

14. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2015	\$ 4,516,687	\$ 3,575,878	\$ 940,809
Changes for the year:			
Service cost	49,861	0	49,861
Interest	342,267	0	342,267
Differences between expected and actual experience	(250,378)	0	(250,378)
Contributions—employer	0	155,578	(155,578)
Net investment income	0	396,794	(396,794)
Benefit payments, including refunds of employee contributions	(200,672)	(200,672)	0
Administrative expense	0	(8,361)	8,361
Net changes	(58,922)	343,339	(402,261)
Balances at September 30, 2016	\$ 4,457,765	\$ 3,919,217	\$ 538,548

Plan fiduciary net position as a percentage of the total pension liability	87.92%
Covered payroll	\$ 1,314,431
Net pension liability as a percentage of covered payroll	40.97%

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.75%	\$ 1,047,553
Current discount rate	7.75%	538,548
1% increase	8.75%	108,678

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans. In addition to the plan above, various City employees are also covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Georgia Firefighters' Pension Fund. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

15. Hotel/Motel Lodging Tax

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3.7). A summary of the transactions for the year ending August 31, 2017, follows:

Lodging tax receipts	\$ 23,832	
Disbursements and transfers	\$ 9,490	40% of tax receipts

16. Tax Abatements

The City of Tallapoosa is subject to tax incentives granted by various authorities in the City. These incentives are negotiated on an individual basis as a reduction of property taxes based on the percentage negotiated and have the stated purpose of increasing business activity and employment in the City by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area and have various requirements regarding job creation and capital investments. Each of the incentive agreements contains a recapture provision that requires repayment of a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals. The City has not made any commitments as part of the agreements other than to reduce taxes.

For the fiscal year ended August 31, 2017, the City of Tallapoosa property taxes were abated totaling \$398,907 under this program through the Tallapoosa Development Authority.

17. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During fiscal year 2017, the city paid \$3,187 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

17. Joint Ventures (continued)

A copy of the NWGRC financial statements can be obtained from the Northwest Georgia Regional Commission, 1 Jackson Hill Drive, Rome, Georgia 30162.

18. Related Organizations

The City of Tallapoosa Housing Authority is considered a related organization to the City of Tallapoosa. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Tallapoosa. The City collects revenue in lieu of taxes for City services provided to Housing Authority residents. The City received \$14,054 for the fiscal year ended August 31, 2017.

19. Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City joined the Georgia Interlocal Risk Management Agency on December 31, 1988. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Tallapoosa participates at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

To pay all contributions, assessments, or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

19. Risk Management (continued)

To select a person to serve as a Member representative.

To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

To follow all loss reduction and prevention procedures established by GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Tallapoosa retains the first \$1,000 of each risk of loss in the form of deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$1,000 deductible.

The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The pool is administered by the Georgia Municipal Association (GMA).

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

19. Risk Management (continued)

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the last three years have not exceeded insurance coverage.

20. Commitments and Contingencies

Commitments

The City has active construction projects as of August 31, 2017. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Gas Line Replacement Project	\$ 0	\$ 116,160
Water System Improvements - New Water Lines	548,511	47,190
Total	<u>\$ 548,511</u>	<u>\$ 163,350</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2017

20. Commitments and Contingencies (continued)

Contingencies

There are no pending claims or litigation against the City of Tallapoosa of which city officials are aware.

The City of Tallapoosa participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the City may be required to reimburse the grantor government. The City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the City.

21. Material Budget Violations

During the fiscal year, the City incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Cemetery	\$ 12,781	\$ 14,775	\$ (1,994)
Senior Center	48,463	50,456	(1,993)
Museum	57,675	59,668	(1,993)

In the future, actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
August 31, 2017
(Unaudited)

	Fiscal Year End		
	2017	2016	2015
Total pension liability			
Service cost	\$ 49,861	\$ 49,101	\$ 55,570
Interest	342,267	326,813	324,513
Differences between expected and actual experience	(250,378)	24,528	(121,811)
Changes of assumptions	0	0	(38,829)
Benefit payments, including refunds of employee contributions	(200,672)	(201,388)	(178,144)
Net change in total pension liability	(58,922)	199,054	41,299
Total pension liability - beginning	4,516,687	4,317,633	4,276,334
Total pension liability - ending (a)	\$ 4,457,765	\$ 4,516,687	\$ 4,317,633
Plan fiduciary net position			
Contributions - employer	\$ 155,578	\$ 200,375	\$ 257,851
Net investment income	396,794	40,135	358,931
Benefit payments, including refunds of employee contributions	(200,672)	(201,388)	(178,144)
Administrative expense	(8,361)	(9,684)	(7,513)
Net change in plan fiduciary net position	343,339	29,438	431,125
Plan fiduciary net position - beginning	3,575,878	3,546,440	3,115,315
Plan fiduciary net position - ending (b)	\$ 3,919,217	\$ 3,575,878	\$ 3,546,440
Net pension liability (asset) - ending : (a) - (b)	\$ 538,548	\$ 940,809	\$ 771,193
Plan's fiduciary net position as a percentage of the total pension liability	87.92%	79.17%	82.14%
Covered payroll	\$ 1,314,431	\$ 1,362,102	\$ 1,254,372
Net pension liability as a percentage of covered payroll	40.97%	69.07%	61.48%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2017
(Unaudited)

	Fiscal Year End		
	2017	2016	2015
Actuarially determined contribution	\$ 149,206	\$ 156,157	\$ 204,395
Contributions in relation to the actuarially determined contribution	(149,206)	(156,157)	(204,395)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,325,373	\$ 1,342,761	\$ 1,349,856
Contributions as a percentage of covered payroll	11.26%	11.63%	15.14%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2017

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending August 31, 2018.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service-based merit increases

Cost of living adjustments = 2.50%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2017

4. Changes of Assumptions

There were no changes in methods or assumptions since the last valuation.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF TALLAPOOSA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2017

	Special Revenue				
		Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax	Total Nonmajor Governmental Funds
	Museum				
ASSETS					
Cash and cash equivalents	\$ 3,974	\$ 1,436	\$ 61	\$ 0	\$ 5,471
Taxes receivable	0	0	0	2,082	2,082
Total assets	<u>\$ 3,974</u>	<u>\$ 1,436</u>	<u>\$ 61</u>	<u>\$ 2,082</u>	<u>\$ 7,553</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 833	\$ 833
Due to other funds	0	0	0	1,249	1,249
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,082</u>	<u>2,082</u>
Fund balances					
Restricted for law enforcement	0	0	61	0	61
Committed for:					
Museum operations	3,974	0	0	0	3,974
Community planning	0	1,436	0	0	1,436
Total fund balances	<u>3,974</u>	<u>1,436</u>	<u>61</u>	<u>0</u>	<u>5,471</u>
Total liabilities and fund balances	<u>\$ 3,974</u>	<u>\$ 1,436</u>	<u>\$ 61</u>	<u>\$ 2,082</u>	<u>\$ 7,553</u>

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended August 31, 2017

	Special Revenue				
		Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax	Total Nonmajor Governmental Funds
	Museum				
REVENUES					
Taxes	\$ 0	\$ 0	\$ 0	\$ 23,832	\$ 23,832
Charges for services	17,459	0	0	0	17,459
Interest	0	1	0	0	1
Total revenues	<u>17,459</u>	<u>1</u>	<u>0</u>	<u>23,832</u>	<u>41,292</u>
EXPENDITURES					
Current					
Culture and Recreation	38,812	0	0	0	38,812
Housing and Development	0	0	0	9,490	9,490
Total expenditures	<u>38,812</u>	<u>0</u>	<u>0</u>	<u>9,490</u>	<u>48,302</u>
Excess (deficiency) of revenues over (under) expenditures	(21,353)	1	0	14,342	(7,010)
Other financing sources (uses)					
Transfers out	0	0	0	(14,342)	(14,342)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(21,353)	1	0	0	(21,352)
Fund balances, September 1	25,327	1,435	61	0	26,823
Fund balances, August 31	<u>\$ 3,974</u>	<u>\$ 1,436</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 5,471</u>

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GENERAL FUND

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,394,028	\$ 1,164,369
Certificates of deposit	134,951	134,147
Receivables (net)		
Accounts	5,382	4,719
Intergovernmental	0	8,403
Taxes	90,474	111,179
Due from other funds	4,849	4,893
Advances to other funds	92,805	92,805
Prepaid items	53,855	39,316
	<u>53,855</u>	<u>39,316</u>
Total assets	<u><u>\$ 1,776,344</u></u>	<u><u>\$ 1,559,831</u></u>
LIABILITIES		
Payables		
Accounts	\$ 77,624	\$ 67,873
Intergovernmental	17,805	17,805
Accrued liabilities	15,812	14,155
Unearned revenue	0	14,054
	<u>0</u>	<u>14,054</u>
Total liabilities	<u>111,241</u>	<u>113,887</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	15,593	31,402
	<u>15,593</u>	<u>31,402</u>
FUND BALANCES		
Nonspendable:		
Advances to other funds	92,805	92,805
Prepaid items	53,855	39,316
Unassigned	1,502,850	1,282,421
	<u>1,502,850</u>	<u>1,282,421</u>
Total fund balances	<u>1,649,510</u>	<u>1,414,542</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,776,344</u></u>	<u><u>\$ 1,559,831</u></u>

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Taxes	\$ 2,039,408	\$ 2,029,408
Licenses and permits	13,344	17,053
Fines, fees and forfeitures	75,857	40,807
Charges for services	79,980	88,270
Intergovernmental	88,689	202,777
Interest	848	815
Other	50,922	47,372
Total revenues	<u>2,349,048</u>	<u>2,426,502</u>
EXPENDITURES		
Current		
General Government	356,292	333,935
Public Safety	1,134,219	1,080,870
Public Works	508,553	337,347
Health and Welfare	50,456	52,638
Culture and Recreation	437,093	402,854
Total expenditures	<u>2,486,613</u>	<u>2,207,644</u>
Excess of revenues over expenditures	<u>(137,565)</u>	<u>218,858</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	14,342	14,543
Water and Sewer Fund	220,467	102,697
Gas Fund	281,635	344,591
Sanitation Fund	43,894	39,173
Golf Fund	(187,805)	(220,271)
Total other financing sources (uses)	<u>372,533</u>	<u>280,733</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	234,968	499,591
Fund balances, September 1	<u>1,414,542</u>	<u>914,951</u>
Fund balances, August 31	<u><u>\$ 1,649,510</u></u>	<u><u>\$ 1,414,542</u></u>

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Real and personal tax	\$ 698,483	\$ 722,456	\$ 23,973	\$ 703,886
Motor vehicle tax	112,539	112,256	(283)	118,988
Mobile home tax	403	403	0	418
Cost, penalties and interest	7,527	7,527	0	10,387
Total general property taxes	818,952	842,642	23,690	833,679
Local option sales tax	520,540	525,061	4,521	511,519
Franchise tax	333,557	333,397	(160)	342,973
Insurance premium tax	198,040	198,040	0	182,830
Intangibles tax	10,546	10,546	0	15,210
Beer and wine tax	72,797	65,823	(6,974)	91,551
Occupational tax	44,739	44,739	0	40,195
Energy excise tax	19,160	19,160	0	11,451
Total taxes	2,018,331	2,039,408	21,077	2,029,408
Licenses and permits				
Alcohol licenses	9,750	9,750	0	9,100
Building permits	2,694	2,694	0	7,553
Other permits	1,000	900	(100)	400
Total licenses and permits	13,444	13,344	(100)	17,053
Fines, fees and forfeitures	79,991	75,857	(4,134)	40,807
Charges for Services				
Cemetery charges	3,600	3,600	0	9,600
Senior center charges	13,341	13,341	0	14,115
Recreation fees	62,571	62,571	0	64,339
Other charges for services	468	468	0	216
Total charges for services	79,980	79,980	0	88,270
Intergovernmental	88,689	88,689	0	202,777
Interest	43	848	805	815
Other				
Rental Income	27,569	27,569	0	28,197
Miscellaneous	23,353	23,353	0	19,175
Total other	50,922	50,922	0	47,372
Total revenues	\$ 2,331,400	\$ 2,349,048	\$ 17,648	\$ 2,426,502

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Administration				
Personal services	\$ 194,924	\$ 193,625	\$ 1,299	\$ 181,425
Contract services	45,163	49,840	(4,677)	47,881
Materials and supplies	24,382	24,598	(216)	24,364
Capital outlay	900	900	0	512
Total Administration	265,369	268,963	(3,594)	254,182
Mayor and Council				
Personal services	34,719	33,421	1,298	31,001
Contract services	30,156	30,156	0	26,202
Total Mayor and Council	64,875	63,577	1,298	57,203
Other General Government				
Personal services	25,052	23,752	1,300	22,399
Contract services	0	0	0	151
Total Other General Government	25,052	23,752	1,300	22,550
Total General Government	355,296	356,292	(996)	333,935
Public Safety				
Police Department				
Personal services	775,646	774,200	1,446	786,757
Contract services	57,683	60,974	(3,291)	66,811
Materials and supplies	59,060	59,060	0	51,319
Capital outlay	1,240	1,240	0	2,183
Total Police Department	893,629	895,474	(1,845)	907,070
Fire Department				
Personal services	148,618	147,295	1,323	141,131
Contract services	75,763	75,763	0	11,866
Materials and supplies	11,670	11,670	0	18,951
Capital outlay	4,017	4,017	0	1,852
Total Fire Department	240,068	238,745	1,323	173,800
Total Public Safety	1,133,697	1,134,219	(522)	1,080,870
Public Works				
Highways and Streets				
Personal services	59,100	57,768	1,332	60,544
Contract services	138,327	119,240	19,087	81,304
Materials and supplies	117,705	117,705	0	120,017
Capital outlay	199,065	199,065	0	65,642
Total Highways and Streets	514,197	493,778	20,419	327,507

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Cemetery				
Personal services	\$ 9,070	\$ 7,772	\$ 1,298	\$ 6,357
Contract services	2,182	5,474	(3,292)	2,587
Materials and supplies	780	780	0	896
Capital outlay	749	749	0	0
Total Cemetery	12,781	14,775	(1,994)	9,840
Total Public Works	526,978	508,553	18,425	337,347
Health and Welfare				
Senior Center				
Personal services	29,886	28,587	1,299	30,445
Contract services	5,154	8,446	(3,292)	6,631
Materials and supplies	12,754	12,754	0	14,882
Capital outlay	669	669	0	680
Total Senior Center	48,463	50,456	(1,993)	52,638
Total Health and Welfare	48,463	50,456	(1,993)	52,638
Culture and Recreation				
Recreation				
Personal services	110,234	108,871	1,363	101,183
Contract services	65,395	68,616	(3,221)	62,123
Materials and supplies	69,717	69,717	0	71,965
Capital outlay	10,478	10,478	0	8,137
Total Recreation	255,824	257,682	(1,858)	243,408
Museum				
Personal services	24,084	22,785	1,299	21,594
Contract services	9,750	13,042	(3,292)	8,365
Materials and supplies	18,460	18,460	0	18,710
Capital outlay	5,381	5,381	0	0
Total Museum	57,675	59,668	(1,993)	48,669
Library				
Personal services	88,783	87,483	1,300	83,823
Contract services	8,932	12,224	(3,292)	7,664
Materials and supplies	20,021	20,021	0	19,127
Capital outlay	15	15	0	163
Total Library	117,751	119,743	(1,992)	110,777
Total Culture and Recreation	431,250	437,093	(5,843)	402,854
Total Expenditures	\$ 2,495,684	\$ 2,486,613	\$ 9,071	\$ 2,207,644

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally or donor restricted or committed to expenditure for particular purposes.

Museum - Used to account for specific revenue sources committed for the museum.

Tallapoosa Community Planning Committee - Used to account for activities of the Planning Committee.

Drug Forfeiture - Used to account for revenues and expenditures from drug seizure activity.

Hotel/Motel Tax - Used to account for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of tourism and downtown development.

Urban Development Action Grant (UDAG) - Used to account for revenues and expenditures of promoting urban economic development.

CITY OF TALLAPOOSA, GEORGIA
MUSEUM
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,974	\$ 25,327
Total assets	<u>\$ 3,974</u>	<u>\$ 25,327</u>
 LIABILITIES		
 FUND BALANCES		
Committed for museum operations	\$ 3,974	\$ 25,327
Total liabilities and fund balances	<u>\$ 3,974</u>	<u>\$ 25,327</u>

CITY OF TALLAPOOSA, GEORGIA
MUSEUM
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 17,459	\$ 17,459	\$ 0	\$ 10,154
Total revenues	<u>17,459</u>	<u>17,459</u>	<u>0</u>	<u>10,154</u>
EXPENDITURES				
Current				
Culture and Recreation				
Contract services	19,407	22,899	(3,492)	945
Materials and supplies	<u>19,405</u>	<u>15,913</u>	<u>3,492</u>	<u>1,611</u>
Total expenditures	<u>38,812</u>	<u>38,812</u>	<u>0</u>	<u>2,556</u>
Excess (deficiency) of revenues over (under) expenditures	(21,353)	(21,353)	0	7,598
Fund balances, September 1	<u>21,353</u>	<u>25,327</u>	<u>3,974</u>	<u>17,729</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 3,974</u></u>	<u><u>\$ 3,974</u></u>	<u><u>\$ 25,327</u></u>

**CITY OF TALLAPOOSA, GEORGIA
TALLAPOOSA COMMUNITY PLANNING COMMITTEE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,436	\$ 1,435
Total assets	<u>\$ 1,436</u>	<u>\$ 1,435</u>
 LIABILITIES		
 FUND BALANCES		
Committed for community planning	\$ 1,436	\$ 1,435
Total liabilities and fund balances	<u>\$ 1,436</u>	<u>\$ 1,435</u>

CITY OF TALLAPOOSA, GEORGIA
TALLAPOOSA COMMUNITY PLANNING COMMITTEE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 0	\$ 1	\$ 1	\$ 0
Total revenues	0	1	1	0
EXPENDITURES	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	1	1	0
Fund balances, September 1	0	1,435	1,435	1,435
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 1,436</u>	<u>\$ 1,436</u>	<u>\$ 1,435</u>

**CITY OF TALLAPOOSA, GEORGIA
DRUG FORFEITURE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 61	\$ 61
Total assets	<u>\$ 61</u>	<u>\$ 61</u>
 LIABILITIES		
 FUND BALANCES		
Restricted for law enforcement	\$ 61	\$ 61
Total liabilities and fund balances	<u>\$ 61</u>	<u>\$ 61</u>

**CITY OF TALLAPOOSA, GEORGIA
DRUG FORFEITURE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)**

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, September 1	<u>0</u>	<u>61</u>	<u>61</u>	<u>61</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 61</u></u>	<u><u>\$ 61</u></u>	<u><u>\$ 61</u></u>

CITY OF TALLAPOOSA, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Taxes receivable	\$ 2,082	\$ 2,156
Total assets	<u>\$ 2,082</u>	<u>\$ 2,156</u>
 LIABILITIES		
Accounts payable	\$ 833	\$ 863
Due to other funds	<u>1,249</u>	<u>1,293</u>
Total liabilities	<u>2,082</u>	<u>2,156</u>
Total liabilities and fund balances	<u>\$ 2,082</u>	<u>\$ 2,156</u>

CITY OF TALLAPOOSA, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	\$ 23,752	\$ 23,832	\$ 80	\$ 24,113
Total revenues	23,752	23,832	80	24,113
EXPENDITURES				
Current				
Housing and Development				
Payments to others	9,501	9,490	11	9,570
Total expenditures	9,501	9,490	11	9,570
Excess (deficiency) of revenues over (under) expenditures	14,251	14,342	91	14,543
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(14,342)	(14,342)	(14,543)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	14,251	0	(14,251)	0
Fund balances, September 1	(14,251)	0	14,251	0
Fund balances, August 31	\$ 0	\$ 0	\$ 0	\$ 0

**CITY OF TALLAPOOSA, GEORGIA
URBAN DEVELOPMENT ACTION GRANT
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 105,068	\$ 105,019
Certificates of deposit	<u>664,929</u>	<u>664,463</u>
Total assets	<u><u>\$ 769,997</u></u>	<u><u>\$ 769,482</u></u>
 LIABILITIES		
Advances from other funds	\$ 92,805	\$ 92,805
 FUND BALANCES		
Restricted for urban development	<u>677,192</u>	<u>676,677</u>
Total liabilities and fund balances	<u><u>\$ 769,997</u></u>	<u><u>\$ 769,482</u></u>

CITY OF TALLAPOOSA, GEORGIA
URBAN DEVELOPMENT ACTION GRANT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2017
(With comparative actual amounts for the fiscal year ended August 31, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 53	\$ 515	\$ 462	\$ 520
Total revenues	<u>53</u>	<u>515</u>	<u>462</u>	<u>520</u>
EXPENDITURES	<u>5</u>	<u>0</u>	<u>5</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	48	515	467	520
Fund balances, September 1	<u>(48)</u>	<u>676,677</u>	<u>676,725</u>	<u>676,157</u>
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 677,192</u>	<u>\$ 677,192</u>	<u>\$ 676,677</u>

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CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

2010 SPLOST - Used to account for long-term projects financed by the passage of the Haralson County, Georgia 2010 special purpose local option sales tax.

2015 SPLOST - Used to account for long-term projects financed by the passage of the Haralson County, Georgia 2015 special purpose local option sales tax.

CITY OF TALLAPOOSA, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 118,835	\$ 0
Due from other funds	<u>0</u>	<u>118,835</u>
Total assets	<u><u>\$ 118,835</u></u>	<u><u>\$ 118,835</u></u>
LIABILITIES		
Due to other funds	\$ 1,200	\$ 1,200
FUND BALANCES		
Restricted for capital outlay	<u>117,635</u>	<u>117,635</u>
Total liabilities and fund balances	<u><u>\$ 118,835</u></u>	<u><u>\$ 118,835</u></u>

CITY OF TALLAPOOSA, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES		
Capital outlay		
Public Safety	<u>0</u>	<u>51,444</u>
Excess (deficiency) of revenues over (under) expenditures	0	(51,444)
Fund balances, September 1	<u>117,635</u>	<u>169,079</u>
Fund balances, August 31	<u><u>\$ 117,635</u></u>	<u><u>\$ 117,635</u></u>

CITY OF TALLAPOOSA, GEORGIA
2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 663,269	\$ 351,446
Intergovernmental receivables	<u>82,543</u>	<u>75,832</u>
Total assets	<u><u>\$ 745,812</u></u>	<u><u>\$ 427,278</u></u>
LIABILITIES		
Accounts payable	\$ 45,260	\$ 0
Due to other funds	<u>408,912</u>	<u>205,656</u>
Total liabilities	454,172	205,656
FUND BALANCES		
Restricted for capital outlay	<u>291,640</u>	<u>221,622</u>
Total liabilities and fund balances	<u><u>\$ 745,812</u></u>	<u><u>\$ 427,278</u></u>

CITY OF TALLAPOOSA, GEORGIA
2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Intergovernmental	\$ 318,278	\$ 309,623
Interest	<u>257</u>	<u>0</u>
Total revenues	<u>318,535</u>	<u>309,623</u>
EXPENDITURES		
Capital outlay		
Public Safety	24,998	0
Culture and Recreation	<u>0</u>	<u>1,200</u>
Total expenditures	<u>24,998</u>	<u>1,200</u>
Excess (deficiency) of revenues over (under) expenditures	293,537	308,423
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	<u>(223,519)</u>	<u>(203,276)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	70,018	105,147
Fund balances, September 1	<u>221,622</u>	<u>116,475</u>
Fund balances, August 31	<u><u>\$ 291,640</u></u>	<u><u>\$ 221,622</u></u>

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Tallapoosa.

Sanitation - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Tallapoosa.

Gas - Used to account for activities connected with the development, operation and maintenance of natural gas services in the City of Tallapoosa.

Golf - Used to account for the activities connected with operating the Municipal Golf Course in the City of Tallapoosa.

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 24,692	\$ 351,390
Accounts receivable (net)	183,666	209,233
Intergovernmental receivable	190,884	213,533
Due from other funds	406,512	203,256
Inventory	5,000	5,000
Prepaid items	15,933	7,304
Total current assets	<u>826,687</u>	<u>989,716</u>
Restricted assets		
Customer deposits		
Cash and cash equivalents	60,990	56,310
Debt redemption		
Cash and cash equivalents	2,698	2,697
Certificates of deposit	1,129,575	1,127,058
Construction fund		
Cash and cash equivalents	12,699	12,660
Total restricted assets	<u>1,205,962</u>	<u>1,198,725</u>
Capital assets		
Nondepreciable	640,650	3,000,108
Depreciable (net)	11,956,304	9,141,396
Total capital assets (net of accumulated depreciation)	<u>12,596,954</u>	<u>12,141,504</u>
Total assets	<u>14,629,603</u>	<u>14,329,945</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	15,038	16,001
Pension experience differences	2,074	2,816
Pension investment return differences	19,810	26,895
Total deferred outflows of resources	<u>36,922</u>	<u>45,712</u>
LIABILITIES		
Current liabilities		
Accounts payable	237,951	213,614
Retainage payable	29,785	64,085
Accrued liabilities	1,246	2,083
Due to other funds	0	118,835
Compensated absences	1,739	5,412
Total current liabilities	<u>270,721</u>	<u>404,029</u>
Current liabilities payable from restricted assets		
Customer deposits payable	60,990	56,310
Accrued interest	9,986	9,835
Notes payable	175,610	129,898
Total current liabilities payable from restricted assets	<u>246,586</u>	<u>196,043</u>

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Noncurrent liabilities		
Net pension liability	\$ 55,496	\$ 116,315
Notes payable	<u>5,182,777</u>	<u>4,870,120</u>
Total noncurrent liabilities	<u>5,238,273</u>	<u>4,986,435</u>
Total liabilities	<u>5,755,580</u>	<u>5,586,507</u>
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	30,314	6,526
Pension investment return differences	18,908	7,652
Pension assumption changes	<u>612</u>	<u>2,080</u>
Total deferred inflows of resources	<u>49,834</u>	<u>16,258</u>
NET POSITION		
Net investment in capital assets	7,060,382	7,030,081
Restricted for debt service	1,122,287	1,119,920
Unrestricted	<u>678,442</u>	<u>622,891</u>
Total net position	<u><u>\$ 8,861,111</u></u>	<u><u>\$ 8,772,892</u></u>

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for sales and services		
Water charges	\$ 755,666	\$ 769,372
Sewer charges	610,416	615,936
Tap fees	5,250	4,300
Other	5,110	35,350
Total operating revenues	<u>1,376,442</u>	<u>1,424,958</u>
OPERATING EXPENSES		
Costs of sales and services	846,413	1,596,882
Personal services	277,772	293,908
Depreciation	218,690	174,460
Total operating expenses	<u>1,342,875</u>	<u>2,065,250</u>
Operating income (loss)	<u>33,567</u>	<u>(640,292)</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	158,270	406,021
Interest revenue	2,595	2,771
Interest expense	(109,265)	(79,007)
Total non-operating revenues (expenses)	<u>51,600</u>	<u>329,785</u>
Net income (loss) before transfers	<u>85,167</u>	<u>(310,507)</u>
Transfers in (out)		
General Fund	(220,467)	(102,697)
2015 SPLOST Fund	223,519	203,276
Total transfers in (out)	<u>3,052</u>	<u>100,579</u>
Change in net position	88,219	(209,928)
Net position, September 1	<u>8,772,892</u>	<u>8,982,820</u>
Net position, August 31	<u><u>\$ 8,861,111</u></u>	<u><u>\$ 8,772,892</u></u>

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,401,579	\$ 1,391,901
Payments to suppliers	(932,661)	(1,536,495)
Payments to employees	(299,898)	(301,132)
Other receipts	<u>5,110</u>	<u>35,350</u>
Net cash provided (used) by operating activities	<u>174,130</u>	<u>(410,376)</u>
Cash flows from non-capital financing activities:		
Payments to other funds	<u>(220,467)</u>	<u>(102,697)</u>
Cash flows from capital and related financing activities:		
Receipts from other funds	223,519	0
Payments to other funds	(322,091)	(84,603)
Receipts from other governments	175,230	373,081
Payments for acquisitions of capital assets	(557,651)	(172,331)
Payment of capital related accounts payable	(49,670)	(266,509)
Proceeds from promissory notes	493,902	553,366
Principal payments - promissory notes	(129,844)	(124,902)
Interest paid	<u>(109,114)</u>	<u>(78,896)</u>
Net cash provided (used) by capital and related financing activities	<u>(275,719)</u>	<u>199,206</u>
Cash flows from investing activities:		
Purchases of certificates of deposit	(2,517)	(2,543)
Interest received	<u>2,595</u>	<u>2,771</u>
Net cash provided (used) by investing activities	<u>78</u>	<u>228</u>
Net increase (decrease) in cash and cash equivalents	(321,978)	(313,639)
Cash and cash equivalents, September 1	<u>423,057</u>	<u>736,696</u>
Cash and cash equivalents, August 31	<u><u>\$ 101,079</u></u>	<u><u>\$ 423,057</u></u>

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 33,567	\$ (640,292)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	218,690	174,460
(Increase) decrease in accounts receivable	25,567	(1,887)
(Increase) decrease in prepaid items	(8,629)	(2,193)
(Increase) decrease in pension contributions subsequent to measurement date	963	6,345
Increase (decrease) in accounts payable	(76,782)	61,365
Increase (decrease) in accrued liabilities	(837)	1,215
Increase (decrease) in customer deposits payable	4,680	4,180
Increase (decrease) in compensated absences	(3,673)	858
Increase (decrease) in net pension liability	(60,819)	24,338
Increase (decrease) in pension investment return differences	18,341	(30,186)
Increase (decrease) in pension assumption changes	(1,468)	(1,393)
Increase (decrease) in pension experience differences	24,530	(7,186)
Total adjustments	<u>140,563</u>	<u>229,916</u>
Net cash provided (used) by operating activities	<u>\$ 174,130</u>	<u>\$ (410,376)</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 24,692	\$ 351,390
Restricted for:		
Customer deposits		
Cash and cash equivalents	60,990	56,310
Debt redemption		
Cash and cash equivalents	2,698	2,697
Construction fund		
Cash and cash equivalents	<u>12,699</u>	<u>12,660</u>
Total cash and cash equivalents	<u>\$ 101,079</u>	<u>\$ 423,057</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$116,489 and \$59,980 for the fiscal years ended August 31, 2017 and 2016, respectively.

Increase in notes payable through intergovernmental receivable totaled \$90,719 and \$167,641 for the fiscal years ended August 31, 2017 and 2016, respectively.

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,416	\$ 23,535
Certificates of deposit	258,590	258,494
Accounts receivable (net)	124,579	118,621
Inventory	28,462	9,344
Prepaid items	3,859	2,551
Total current assets	<u>436,906</u>	<u>412,545</u>
Restricted assets		
Customer deposits		
Cash and cash equivalents	6,562	4,430
Certificates of deposit	39,978	39,740
Total restricted assets	<u>46,540</u>	<u>44,170</u>
Capital assets		
Depreciable (net)	<u>1,360,169</u>	<u>1,364,267</u>
Total assets	<u>1,843,615</u>	<u>1,820,982</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	29,628	30,780
Pension experience differences	2,805	3,692
Pension investment return differences	<u>26,793</u>	<u>35,264</u>
Total deferred outflows of resources	<u>59,226</u>	<u>69,736</u>
LIABILITIES		
Current liabilities		
Accounts payable	51,844	59,387
Accrued liabilities	8,315	4,413
Compensated absences	<u>19,179</u>	<u>17,665</u>
Total current liabilities	79,338	81,465
Current liabilities payable from restricted assets		
Customer deposits payable	46,540	44,170
Noncurrent liabilities		
Net pension liability	<u>120,132</u>	<u>192,846</u>
Total liabilities	<u>246,010</u>	<u>318,481</u>
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	41,776	13,336
Pension investment return differences	28,290	14,832
Pension assumption changes	<u>2,496</u>	<u>4,251</u>
Total deferred inflows of resources	<u>72,562</u>	<u>32,419</u>
NET POSITION		
Net investment in capital assets	1,360,169	1,337,706
Unrestricted	<u>224,100</u>	<u>202,112</u>
Total net position	<u>\$ 1,584,269</u>	<u>\$ 1,539,818</u>

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for sales and services		
Gas charges	\$ 1,406,083	\$ 1,441,323
Tap fees	250	2,550
Other	17,185	21,440
Total operating revenues	<u>1,423,518</u>	<u>1,465,313</u>
OPERATING EXPENSES		
Costs of sales and services	700,910	629,450
Personal services	358,542	353,737
Depreciation	38,327	37,871
Total operating expenses	<u>1,097,779</u>	<u>1,021,058</u>
Operating income (loss)	325,739	444,255
Non-operating revenues (expenses)		
Interest revenue	347	402
Net income (loss) before capital contributions and transfers	326,086	444,657
Capital contributions	0	54,000
Net income (loss) before transfers	326,086	498,657
Transfers in (out)		
General Fund	(281,635)	(344,591)
Change in net position	44,451	154,066
Net position, September 1	<u>1,539,818</u>	<u>1,385,752</u>
Net position, August 31	<u><u>\$ 1,584,269</u></u>	<u><u>\$ 1,539,818</u></u>

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,402,745	\$ 1,435,518
Payments to suppliers	(698,416)	(649,229)
Payments to employees	(379,089)	(363,474)
Other receipts	<u>17,185</u>	<u>21,440</u>
Net cash provided (used) by operating activities	<u>342,425</u>	<u>444,255</u>
Cash flows from non-capital financing activities:		
Payments to other funds	<u>(281,635)</u>	<u>(344,591)</u>
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(34,229)	(99,663)
Payment of capital related accounts payable	<u>(26,561)</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities	<u>(60,790)</u>	<u>(99,663)</u>
Cash flows from investing activities:		
Purchases of certificates of deposit	(334)	(399)
Interest received	<u>347</u>	<u>402</u>
Net cash provided (used) by investing activities	<u>13</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	13	4
Cash and cash equivalents, September 1	<u>27,965</u>	<u>27,961</u>
Cash and cash equivalents, August 31	<u><u>\$ 27,978</u></u>	<u><u>\$ 27,965</u></u>

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 325,739	\$ 444,255
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	38,327	37,871
(Increase) decrease in accounts receivable	(5,958)	(10,655)
(Increase) decrease in inventory	(19,118)	769
(Increase) decrease in prepaid items	(1,308)	(354)
(Increase) decrease in pension contributions subsequent to measurement date	1,152	8,319
Increase (decrease) in accounts payable	19,018	(21,499)
Increase (decrease) in accrued liabilities	3,902	1,305
Increase (decrease) in customer deposits payable	2,370	2,300
Increase (decrease) in compensated absences	1,514	860
Increase (decrease) in net pension liability	(72,714)	31,911
Increase (decrease) in pension investment return differences	21,929	(39,580)
Increase (decrease) in pension assumption changes	(1,755)	(1,826)
Increase (decrease) in pension experience differences	29,327	(9,421)
Total adjustments	<u>16,686</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$ 342,425</u>	<u>\$ 444,255</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 21,416	\$ 23,535
Restricted for customer deposits		
Cash and cash equivalents	<u>6,562</u>	<u>4,430</u>
Total cash and cash equivalents	<u>\$ 27,978</u>	<u>\$ 27,965</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$0 and \$26,561 for the fiscal years ended August 31, 2017 and 2016, respectively.

Contributions of capital assets from individuals totaled \$0 and \$54,000 for the fiscal years ended August 31, 2017 and 2016, respectively.

CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Accounts receivable (net)	\$ 25,275	\$ 23,743
Prepaid items	<u>3,115</u>	<u>1,817</u>
Total assets	<u>28,390</u>	<u>25,560</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>22,560</u>	<u>20,513</u>
Total liabilities	<u>22,560</u>	<u>20,513</u>
NET POSITION		
Unrestricted	<u>5,830</u>	<u>5,047</u>
Total net position	<u><u>\$ 5,830</u></u>	<u><u>\$ 5,047</u></u>

CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for sales and services		
Sanitation charges	\$ 313,351	\$ 296,162
Total operating revenues	<u>313,351</u>	<u>296,162</u>
OPERATING EXPENSES		
Costs of sales and services	262,759	249,809
Personal services	<u>5,915</u>	<u>6,257</u>
Total operating expenses	<u>268,674</u>	<u>256,066</u>
Operating income (loss)	44,677	40,096
Transfers in (out)		
General Fund	<u>(43,894)</u>	<u>(39,173)</u>
Change in net position	783	923
Net position, September 1	<u>5,047</u>	<u>4,124</u>
Net position, August 31	<u><u>\$ 5,830</u></u>	<u><u>\$ 5,047</u></u>

CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 311,819	\$ 293,632
Payments to suppliers	(262,010)	(248,202)
Payments to employees	<u>(5,915)</u>	<u>(6,257)</u>
Net cash provided (used) by operating activities	43,894	39,173
Cash flows from non-capital financing activities:		
Payments to other funds	<u>(43,894)</u>	<u>(39,173)</u>
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, September 1	<u>0</u>	<u>0</u>
Cash and cash equivalents, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 44,677</u>	<u>\$ 40,096</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(1,532)	(2,530)
(Increase) decrease in prepaid items	(1,298)	141
Increase (decrease) in accounts payable	<u>2,047</u>	<u>1,466</u>
Total adjustments	<u>(783)</u>	<u>(923)</u>
Net cash provided (used) by operating activities	<u><u>\$ 43,894</u></u>	<u><u>\$ 39,173</u></u>

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 200	\$ 200
Accounts receivable (net)	7,518	6,932
Intergovernmental receivables	318,898	223,689
Prepaid items	<u>3,859</u>	<u>2,551</u>
Total current assets	<u>330,475</u>	<u>233,372</u>
Capital assets		
Nondepreciable	142,816	142,816
Depreciable (net)	<u>124,445</u>	<u>147,688</u>
Total capital assets (net of accumulated depreciation)	<u>267,261</u>	<u>290,504</u>
Total assets	<u>597,736</u>	<u>523,876</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	10,047	10,462
Pension experience differences	1,308	1,628
Pension investment return differences	<u>12,498</u>	<u>15,551</u>
Total deferred outflows of resources	<u>23,853</u>	<u>27,641</u>
LIABILITIES		
Current liabilities		
Accounts payable	14,155	7,438
Accrued interest	270	0
Accrued liabilities	3,577	3,231
Compensated absences	2,634	2,817
Capital lease payable	<u>31,383</u>	<u>30,397</u>
Total current liabilities	<u>52,019</u>	<u>43,883</u>
Noncurrent liabilities		
Net pension liability	46,029	72,235
Capital lease payable	<u>61,868</u>	<u>89,249</u>
Total noncurrent liabilities	<u>107,897</u>	<u>161,484</u>
Total liabilities	<u>159,916</u>	<u>205,367</u>
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	14,612	4,363
Pension investment return differences	9,867	5,017
Pension assumption changes	<u>759</u>	<u>1,391</u>
Total deferred inflows of resources	<u>25,238</u>	<u>10,771</u>
NET POSITION		
Net investment in capital assets	174,010	170,858
Unrestricted	<u>262,425</u>	<u>164,521</u>
Total net position	<u>\$ 436,435</u>	<u>\$ 335,379</u>

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for sales and services		
Golf charges	\$ 305,073	\$ 286,163
Other	12,900	10,935
Total operating revenues	<u>317,973</u>	<u>297,098</u>
OPERATING EXPENSES		
Costs of sales and services	200,743	195,516
Personal services	166,948	207,019
Depreciation	33,243	35,613
Total operating expenses	<u>400,934</u>	<u>438,148</u>
Operating income (loss)	(82,961)	(141,050)
Non-operating revenues (expenses)		
Interest expense	<u>(3,788)</u>	<u>(973)</u>
Net income (loss) before transfers	(86,749)	(142,023)
Transfers in (out)		
General Fund	<u>187,805</u>	<u>220,271</u>
Change in net position	101,056	78,248
Net position, September 1	<u>335,379</u>	<u>257,131</u>
Net position, August 31	<u><u>\$ 436,435</u></u>	<u><u>\$ 335,379</u></u>

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 209,278	\$ 228,812
Payments to suppliers	(194,988)	(200,092)
Payments to employees	(175,082)	(211,838)
Other receipts	<u>12,900</u>	<u>10,935</u>
Net cash provided (used) by operating activities	<u>(147,892)</u>	<u>(172,183)</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>187,805</u>	<u>220,271</u>
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(10,000)	(137,601)
Proceeds from capital leases	0	127,626
Principal payments - capital lease payable	(26,395)	(37,140)
Interest paid	<u>(3,518)</u>	<u>(973)</u>
Net cash provided (used) by capital and related financing activities	<u>(39,913)</u>	<u>(48,088)</u>
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, September 1	<u>200</u>	<u>200</u>
Cash and cash equivalents, August 31	<u><u>\$ 200</u></u>	<u><u>\$ 200</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (82,961)</u>	<u>\$ (141,050)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	33,243	35,613
(Increase) decrease in accounts receivable	(586)	(343)
(Increase) decrease in intergovernmental receivables	(95,209)	(57,008)
(Increase) decrease in prepaid items	(1,308)	(354)
(Increase) decrease in pension contributions subsequent to measurement date	415	3,669
Increase (decrease) in accounts payable	6,717	(4,897)
Increase (decrease) in accrued liabilities	346	675
Increase (decrease) in compensated absences	(183)	(146)
Increase (decrease) in net pension liability	(26,206)	14,072
Increase (decrease) in pension investment return differences	7,903	(17,454)
Increase (decrease) in pension assumption changes	(632)	(805)
Increase (decrease) in pension experience differences	<u>10,569</u>	<u>(4,155)</u>
Total adjustments	<u>(64,931)</u>	<u>(31,133)</u>
Net cash provided (used) by operating activities	<u><u>\$ (147,892)</u></u>	<u><u>\$ (172,183)</u></u>

OTHER REPORTING SECTION

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**Independent Auditor's 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***

Honorable Mayor and
Members of the City Council
City of Tallapoosa, Georgia

We have audited, in accordance with 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tallapoosa, Georgia, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Tallapoosa, Georgia's basic financial statements and have issued our report thereon dated February 22, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tallapoosa, Georgia's internal control over financial reporting (internal control) to determine the 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 of Tallapoosa, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tallapoosa, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

2017-001

Condition: The City does not currently have the means to prepare the City's financial statements and related notes in accordance with generally accepted accounting principles. Though it is not unusual for governments of this size to rely on the auditor to assist with the preparation of the financial statements, the inability of the staff to prepare the complete financial statements, including the required note disclosures, without the auditor's assistance, indicates a material weakness over the year-end reporting process.

2017-001, continued

Criteria: Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures to enable reporting in accordance with Generally Accepted Accounting Principles.

Effect: Failure to properly design and implement internal controls over year-end close may lead to financial statements that are materially misstated and may result in delays in the City's reporting process.

Recommendation: We recommend that the City continue its efforts to provide the specialized training and experience necessary for the Finance Director to perform these duties and also continue to implement and/or strengthen controls over the year-end closeout procedures.

Management Response: Management concurs with this finding. The City has not yet had time to provide the specialized training and experience necessary for the Finance Director to perform these duties. The City will continue its efforts to provide this training and continue to implement and/or strengthen controls over the year-end closeout procedures. This action was implemented immediately upon receipt of the comment from our auditors.

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. We consider the following deficiency in the City's internal control to be a significant deficiency:

2017-002

Condition: The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. As a result, there is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component units of the City.

Criteria: Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

Effect: Failure to properly segregate the duties exposes the City to a greater risk of loss due to fraud.

Recommendation: Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

Management Response: Management concurs with this finding. The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. City management will work to continually improve and implement as many procedures as possible to improve internal controls in this area. This action was taken immediately upon receipt of the comment from our auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tallapoosa, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

2017-003

Condition: The City experienced a material excess of expenditures over appropriations in the General Fund.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

Effect: Failure to maintain expenditures within the balanced budget for the General Fund as required by OCGA Code Section 36-81-3 places the City in violation of state law.

Recommendation: City management should review the budget to actual comparisons and recommend any necessary budget revisions to the Mayor and City Council.

Management Response: Management concurs with this finding. City management will review the budget to actual comparisons and recommend any necessary budget revisions to the Mayor and City Council. This action was implemented immediately upon receipt of the comment from our auditors.

City of Tallapoosa, Georgia's Responses to Findings

The City of Tallapoosa, Georgia's responses to the findings identified in our audit are described above. The City of Tallapoosa, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tallapoosa, Georgia's internal control over 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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 22, 2018

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STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2017

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2010 Referendum</u>					
Old high school - Art Center	\$ 250,000	\$ 250,000	\$ 193,332	\$ 0	\$ 193,332
Street paving, storm drainage, signs and sidewalks	100,000	100,000	19,004	0	19,004
Cemetery - paving, clean-up and new lay-out	40,000	40,000	0	0	0
Fire department	200,000	200,000	0	0	0
Recreation complex	250,000	250,000	316,702	0	316,702
Library - match (grant to expand)	65,000	65,000	0	0	0
Senior property - bank renovation and paving	40,000	40,000	0	0	0
Police department	260,000	260,000	142,284	0	142,284
Water and sewer debt	780,000	780,000	1,183,899	0	1,183,899
Administrative buildings - Police/ City Hall area	425,000	425,000	12,330	0	12,330
Recreation equipment	100,000	100,000	4,203	0	4,203
Data processing	80,000	80,000	9,699	0	9,699
Public works - vehicles	100,000	100,000	70,016	0	70,016
Equipment purchase PW (backhoe)	75,000	75,000	4,977	0	4,977
Utility expenses - water, gas and sewer	150,000	150,000	63,573	0	63,573
Grant match - TEA, ARC, CDBG	150,000	150,000	44,861	0	44,861
Municipal building repairs	40,000	40,000	31,252	0	31,252
Helton-Howland Park and drain pipes for lake	20,000	20,000	0	0	0
Economic projects	100,000	100,000	0	0	0
Capital outlay projects	100,000	100,000	2,972	0	2,972
Acquisition of property	100,000	100,000	0	0	0
Scientific and planning studies	50,000	50,000	19,410	0	19,410
Total	<u>\$ 3,475,000</u>	<u>\$ 3,475,000</u>	<u>\$ 2,118,514</u>	<u>\$ 0</u>	<u>\$ 2,118,514</u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2017

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2015 Referendum</u>					
Water and sewer debt	\$ 850,000	\$ 850,000	\$ 226,916	\$ 203,256	\$ 430,172
Police vehicles	150,000	150,000	0	24,998	24,998
Public works - vehicles	165,000	165,000	0	20,263	20,263
Old high school renovation	150,000	150,000	0	0	0
Public street improvements	110,000	110,000	0	0	0
Recreation complex	75,000	75,000	2,400	0	2,400
Museum and Senior property	40,000	40,000	0	0	0
Grant match - TEA, ARC, CDBG	75,000	75,000	0	0	0
Municipal building repairs and expansion	135,000	135,000	0	0	0
Recreation equipment and repairs	25,000	25,000	0	0	0
Utility expansion	115,000	115,000	0		
Data processing	30,000	30,000	0	0	0
Economic projects	67,000	67,000	0	0	0
New cemetery	40,000	40,000	0	0	0
Lake	10,000	10,000	0	0	0
Total	<u>\$ 2,037,000</u>	<u>\$ 2,037,000</u>	<u>\$ 229,316</u>	<u>\$ 248,517</u>	<u>\$ 477,833</u>

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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