

CITY OF TALLAPOOSA, GEORGIA

Annual Financial Report

For the fiscal year ended August 31, 2018

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CITY OF TALLAPOOSA, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended August 31, 2018

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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, 2018, 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, 2018, 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 62 through 65 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, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation 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, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation 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, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation 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, 2017, which are not presented with the accompanying financial statements. In our report dated February 22, 2018, 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 2017 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 2017 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 2017 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 5, 2019 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 5, 2019

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CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018

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, 2018. 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, 2018

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, 2018

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 61 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 \$17,157,669. This is a \$1,204,973 increase from last year's net position of \$15,952,696.

**CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018**

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

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 3,616,897	\$ 2,914,375	\$ 2,921,073	\$ 2,874,960	\$ 6,537,970	\$ 5,789,335
Noncurrent assets	<u>2,765,463</u>	<u>2,715,231</u>	<u>14,169,753</u>	<u>14,224,384</u>	<u>16,935,216</u>	<u>16,939,615</u>
Total assets	<u>6,382,360</u>	<u>5,629,606</u>	<u>17,090,826</u>	<u>17,099,344</u>	<u>23,473,186</u>	<u>22,728,950</u>
Total deferred outflows	<u>100,063</u>	<u>172,066</u>	<u>67,359</u>	<u>120,001</u>	<u>167,422</u>	<u>292,067</u>
Current liabilities	144,339	196,156	504,357	717,764	648,696	913,920
Noncurrent liabilities	<u>163,891</u>	<u>316,891</u>	<u>5,310,849</u>	<u>5,466,302</u>	<u>5,474,740</u>	<u>5,783,193</u>
Total liabilities	<u>308,230</u>	<u>513,047</u>	<u>5,815,206</u>	<u>6,184,066</u>	<u>6,123,436</u>	<u>6,697,113</u>
Total deferred inflows	<u>218,664</u>	<u>223,574</u>	<u>140,839</u>	<u>147,634</u>	<u>359,503</u>	<u>371,208</u>
Net position:						
Net investment in capital assets	2,748,453	2,690,233	8,791,411	8,594,561	11,539,864	11,284,794
Restricted for:						
Law enforcement	61	61	0	0	61	61
Urban development	678,443	677,192	0	0	678,443	677,192
Capital outlay	710,200	409,275	0	0	710,200	409,275
Debt service	0	0	1,126,179	1,122,287	1,126,179	1,122,287
Unrestricted	<u>1,818,372</u>	<u>1,288,290</u>	<u>1,284,550</u>	<u>1,170,797</u>	<u>3,102,922</u>	<u>2,459,087</u>
Total net position	<u>\$ 5,955,529</u>	<u>\$ 5,065,051</u>	<u>\$ 11,202,140</u>	<u>\$ 10,887,645</u>	<u>\$ 17,157,669</u>	<u>\$ 15,952,696</u>

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018

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

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for service	\$ 216,480	\$ 190,695	\$ 3,725,388	\$ 3,396,089	\$ 3,941,868	\$ 3,586,784
Operating grants and contributions	52,454	0	0	0	52,454	0
Capital grants and contributions	513,099	403,170	22,764	158,270	535,863	561,440
General revenues:						
Sales tax	687,527	525,061	0	0	687,527	525,061
Property taxes	939,742	826,834	0	0	939,742	826,834
Insurance premium	210,881	198,040	0	0	210,881	198,040
Other taxes	493,622	497,497	0	0	493,622	497,497
Miscellaneous & interest	27,407	52,286	51,488	38,137	78,895	90,423
Total revenues	3,141,212	2,693,583	3,799,640	3,592,496	6,940,852	6,286,079
Expenses:						
General government	418,871	395,051			418,871	395,051
Public safety	1,107,585	1,115,033			1,107,585	1,115,033
Public works	340,413	401,486			340,413	401,486
Health and welfare	52,561	50,456			52,561	50,456
Recreation and culture	433,703	460,746			433,703	460,746
Housing & development	9,164	9,495			9,164	9,495
Total	2,362,297	2,432,267				
Water and sewer			1,494,759	1,452,140	1,494,759	1,452,140
Gas			1,183,985	1,097,779	1,183,985	1,097,779
Golf			414,610	404,722	414,610	404,722
Sanitation			280,228	268,674	280,228	268,674
Total			3,373,582	3,223,315		
Total expenses					5,735,879	5,655,582
Change in net position before transfers	778,915	261,316	426,058	369,181	1,204,973	630,497
Transfers	111,563	134,672	(111,563)	(134,672)	0	0
Change in net position	890,478	395,988	314,495	234,509	1,204,973	630,497
Beginning net position	5,065,051	4,669,063	10,887,645	10,653,136	15,952,696	15,322,199
Ending net position	\$ 5,955,529	\$ 5,065,051	\$ 11,202,140	\$ 10,887,645	\$ 17,157,669	\$ 15,952,696

**CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018**

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 \$3,494,522. The total ending fund balances of governmental funds show an increase of \$753,074 over the prior year balance of \$2,741,448.

Major Governmental Funds

The General Fund is the City's primary operating fund. The fund balance of the General Fund increased from \$1,649,510 to \$2,174,104. 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 \$677,192 to \$678,443. The fund balance of the 2010 SPLOST Fund remained the same from fiscal year 2017 to 2018 at \$117,635. The fund balance of the 2015 SPLOST Fund increased from \$291,640 to \$396,712 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 \$2,208,929. Amendments were made to the budget during the year to increase total budgeted expenditures to \$2,513,891.

**CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018**

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2018, the City had \$16,935,216 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 456,132	\$ 456,132	\$ 142,816	\$ 142,816	\$ 598,948	\$ 598,948
Buildings and improvements	1,067,019	1,139,370	2,466	2,959	1,069,485	1,142,329
Equipment and Vehicles	323,579	155,077	110,278	154,489	433,857	309,566
Water/Sewer Distribution	0	0	12,440,110	11,926,262	12,440,110	11,926,262
Gas Distribution	0	0	1,461,013	1,357,208	1,461,013	1,357,208
Infrastructure	912,973	964,652	0	0	912,973	964,652
Construction in progress	5,760	0	13,070	640,650	18,830	640,650
Totals	\$ 2,765,463	\$ 2,715,231	\$ 14,169,753	\$ 14,224,384	\$ 16,935,216	\$ 16,939,615

Debt

The total long-term debt of the City outstanding at August 31, 2018 was \$5,366,271. 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	
	2018	2017	2018	2017	2018	2017
Capital leases	\$ 0	\$ 0	\$ 61,868	\$ 93,251	\$ 61,868	\$ 93,251
Notes payable	0	0	5,304,403	5,358,387	5,304,403	5,358,387
Totals	\$ 0	\$ 0	\$ 5,366,271	\$ 5,451,638	\$ 5,366,271	\$ 5,451,638

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2018

Next Year's Budget

The General Fund budget for the year ending August 31, 2019 reflects expenditures of \$2,318,798. This is an approximate 7.76% decrease over the final budget for the year ended August 31, 2018.

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,950,319	\$ 19,294	\$ 2,969,613	\$ 1,157,784
Certificates of deposit	801,889	259,056	1,060,945	661,544
Restricted assets				
Cash and cash equivalents	0	89,519	89,519	0
Certificates of deposit	0	1,173,499	1,173,499	0
Receivables (net)				
Accounts	7,411	335,073	342,484	0
Intergovernmental	181,362	445,486	626,848	17,805
Taxes	119,078	0	119,078	0
Inventory	0	83,370	83,370	0
Prepaid items	49,049	23,565	72,614	0
Internal balances	(492,211)	492,211	0	0
Total current assets	3,616,897	2,921,073	6,537,970	1,837,133
Noncurrent assets				
Capital assets				
Non-depreciable	461,892	155,886	617,778	1,789,198
Depreciable (net)	2,303,571	14,013,867	16,317,438	0
Total noncurrent assets	2,765,463	14,169,753	16,935,216	1,789,198
Total assets	6,382,360	17,090,826	23,473,186	3,626,331
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date				
	58,052	38,349	96,401	0
Pension experience differences	5,613	4,199	9,812	0
Pension assumption changes	36,398	24,811	61,209	0
Total deferred outflows of resources	100,063	67,359	167,422	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	89,768	172,583	262,351	0
Intergovernmental	17,805	0	17,805	420,715
Retainage	0	2,000	2,000	0
Interest	0	181	181	0
Accrued liabilities	523	4,425	4,948	0
Compensated absences	36,243	28,243	64,486	0
Capital lease payable	0	32,495	32,495	0
Liabilities payable from restricted assets				
Customer deposits payable	0	114,339	114,339	0
Accrued interest	0	9,800	9,800	0
Notes payable	0	140,291	140,291	0
Total current liabilities	144,339	504,357	648,696	420,715

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
August 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities				
Net pension liability	\$ 163,891	\$ 117,364	\$ 281,255	\$ 0
Capital lease payable	0	29,373	29,373	0
Notes payable	0	5,164,112	5,164,112	0
Total noncurrent liabilities	163,891	5,310,849	5,474,740	0
Total liabilities	308,230	5,815,206	6,123,436	420,715
DEFERRED INFLOWS OF RESOURCES				
Pension experience differences	78,764	50,731	129,495	0
Pension investment return differences	139,900	90,108	230,008	0
Total deferred inflows of resources	218,664	140,839	359,503	0
NET POSITION				
Net investment in capital assets	2,748,453	8,791,411	11,539,864	1,789,198
Restricted for:				
Law enforcement	61	0	61	0
Urban development	678,443	0	678,443	0
Capital outlay	710,200	0	710,200	0
Debt service	0	1,126,179	1,126,179	0
Unrestricted	1,818,372	1,284,550	3,102,922	1,416,418
Total net position	\$ 5,955,529	\$ 11,202,140	\$ 17,157,669	\$ 3,205,616

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2018

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	\$ 418,871	\$ 10,975	\$ 28,400	\$ 52,870	\$ (326,626)
Public Safety	1,107,585	123,516	21,554	25,176	(937,339)
Public Works	340,413	11,655	0	299,896	(28,862)
Health and Welfare	52,561	11,004	0	3,357	(38,200)
Culture and Recreation	433,703	59,330	2,500	120,554	(251,319)
Housing and Development	9,164	0	0	11,246	2,082
Total governmental activities	2,362,297	216,480	52,454	513,099	(1,580,264)
Business-type activities					
Water and Sewer	1,494,759	1,371,441	0	22,764	(100,554)
Gas	1,183,985	1,711,576	0	0	527,591
Golf	414,610	317,026	0	0	(97,584)
Sanitation	280,228	325,345	0	0	45,117
Total business-type activities	3,373,582	3,725,388	0	22,764	374,570
Total primary government	5,735,879	3,941,868	52,454	535,863	(1,205,694)
Component Units					
Tallapoosa Development Authority	40	0	0	0	(40)
Tallapoosa Recreation Authority	0	0	0	0	0
Downtown Development Authority	4,039	0	4,189	0	150
Total component units	4,079	0	4,189	0	110
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Units	
Change in net position					
Net (expense) revenue	\$ (1,580,264)	\$ 374,570	\$ (1,205,694)	\$ 110	
General revenues					
Taxes					
Property	939,742	0	939,742	0	
Sales	687,527	0	687,527	0	
Hotel/Motel	23,198	0	23,198	0	
Insurance premium	210,881	0	210,881	0	
Franchise	328,486	0	328,486	0	
Other	141,938	0	141,938	0	
Interest and investment earnings	2,112	4,444	6,556	995	
Miscellaneous	25,295	47,044	72,339	0	
Transfers	111,563	(111,563)	0	0	
Total general revenues and transfers	2,470,742	(60,075)	2,410,667	995	
Change in net position	890,478	314,495	1,204,973	1,105	
Net position - beginning	5,065,051	10,887,645	15,952,696	3,204,511	
Net position - ending	\$ 5,955,529	\$ 11,202,140	\$ 17,157,669	\$ 3,205,616	

CITY OF TALLAPOOSA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2018

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 1,820,153	\$ 105,120	\$ 1,278	\$ 920,518	\$ 103,250	\$ 2,950,319
Certificates of deposit	135,761	666,128	0	0	0	801,889
Receivables (net)						
Accounts	7,411	0	0	0	0	7,411
Intergovernmental	93,000	0	0	88,362	0	181,362
Taxes	92,242	0	0	0	26,836	119,078
Due from other funds	5,075	0	117,557	0	0	122,632
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	49,049	0	0	0	0	49,049
Total assets	\$ 2,295,496	\$ 771,248	\$ 118,835	\$ 1,008,880	\$ 130,086	\$ 4,324,545
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 88,785	\$ 0	\$ 0	\$ 0	\$ 983	\$ 89,768
Intergovernmental payables	17,805	0	0	0	0	17,805
Accrued liabilities	523	0	0	0	0	523
Due to other funds	0	0	1,200	612,168	1,475	614,843
Advances from other funds	0	92,805	0	0	0	92,805
Total liabilities	107,113	92,805	1,200	612,168	2,458	815,744
Deferred inflows of resources						
Unavailable revenue - property taxes	14,279	0	0	0	0	14,279
Fund balances						
Nonspendable:						
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	49,049	0	0	0	0	49,049
Restricted for:						
Law enforcement	0	0	0	0	61	61
Urban development	0	678,443	0	0	0	678,443
Capital outlay	75,731	0	117,635	396,712	120,122	710,200
Committed for:						
Museum operations	0	0	0	0	6,009	6,009
Community planning	0	0	0	0	1,436	1,436
Unassigned	1,956,519	0	0	0	0	1,956,519
Total fund balances	2,174,104	678,443	117,635	396,712	127,628	3,494,522
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,295,496	\$ 771,248	\$ 118,835	\$ 1,008,880	\$ 130,086	\$ 4,324,545

**CITY OF TALLAPOOSA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
August 31, 2018**

Total fund balance - total governmental funds \$ 3,494,522

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	\$ 6,374,112	
Accumulated depreciation	<u>(3,608,649)</u>	2,765,463

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. 14,279

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	\$ 58,052	
Pension experience differences	5,613	
Pension assumption changes	36,398	
Deferred inflows of resources:		
Pension experience differences	(78,764)	
Pension investment return differences	<u>(139,900)</u>	(118,601)

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

These are:

Compensated absences	\$ (36,243)	
Net pension liability	<u>(163,891)</u>	<u>(200,134)</u>

Net position of the governmental activities		<u><u>\$ 5,955,529</u></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, 2018

	Urban				Nonmajor	
	Development	2010	2015	2015	Governmental	
	Action Grant	SPLOST	SPLOST	SPLOST	Funds	Totals
	General					
REVENUES						
Taxes	\$ 2,189,765	\$ 0	\$ 0	\$ 0	\$ 143,320	\$ 2,333,085
Licenses and permits	20,430	0	0	0	0	20,430
Fines, fees and forfeitures	111,136	0	0	0	0	111,136
Charges for services	65,108	0	0	0	5,753	70,861
Intergovernmental	203,552	0	0	341,502	0	545,054
Interest	861	1,251	0	392	0	2,504
Contributions	34,161	0	0	0	0	34,161
Other	25,295	0	0	0	0	25,295
Total revenues	2,650,308	1,251	0	341,894	149,073	3,142,526
EXPENDITURES						
Current						
General Government	388,988	0	0	0	0	388,988
Public Safety	1,140,101	0	0	0	0	1,140,101
Public Works	293,136	0	0	0	0	293,136
Health and Welfare	52,562	0	0	0	0	52,562
Culture and Recreation	579,780	0	0	0	3,718	583,498
Housing and Development	0	0	0	0	9,164	9,164
Capital Outlay	0	0	0	33,566	0	33,566
Total expenditures	2,454,567	0	0	33,566	12,882	2,501,015
Excess (deficiency) of revenues over (under) expenditures	195,741	1,251	0	308,328	136,191	641,511
Other financing sources (uses)						
Transfers in	530,035	0	0	0	0	530,035
Transfers out	(201,182)	0	0	(203,256)	(14,034)	(418,472)
Total other financing sources (uses)	328,853	0	0	(203,256)	(14,034)	111,563
Net change in fund balances	524,594	1,251	0	105,072	122,157	753,074
Fund balances, September 1	1,649,510	677,192	117,635	291,640	5,471	2,741,448
Fund balances, August 31	\$ 2,174,104	\$ 678,443	\$ 117,635	\$ 396,712	\$ 127,628	\$ 3,494,522

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, 2018

Net change in fund balances - total governmental funds \$ 753,074

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	\$ 229,284	
Depreciation	<u>(179,052)</u>	50,232

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. (1,314)

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	\$ 62,538	
Cost of benefits earned net of employee contributions	<u>23,369</u>	85,907

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. 2,579

Change in net position of governmental activities	<u><u>\$ 890,478</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, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Taxes	\$ 2,083,268	\$ 2,181,354	\$ 2,189,765	\$ 8,411
Licenses and permits	13,344	20,430	20,430	0
Fines, fees and forfeitures	73,574	108,120	111,136	3,016
Charges for services	77,629	65,108	65,108	0
Intergovernmental	67,026	110,552	203,552	93,000
Interest	43	26	861	835
Contributions	25,119	31,400	34,161	2,761
Other	24,275	20,953	25,295	4,342
Total revenues	<u>2,364,278</u>	<u>2,537,943</u>	<u>2,650,308</u>	<u>112,365</u>
EXPENDITURES				
Current				
General Government				
Administration	274,572	286,759	276,004	10,755
Mayor and Council	61,685	92,653	90,137	2,516
Other General Government	23,600	23,740	22,847	893
Public Safety				
Police Department	917,477	928,352	901,627	26,725
Fire Department	238,979	245,762	238,474	7,288
Public Works				
Highways and Streets	224,819	282,552	275,062	7,490
Cemetery	13,651	18,448	18,074	374
Health and Welfare				
Senior Center	52,218	53,879	52,562	1,317
Culture and Recreation				
Recreation	305,440	406,483	412,120	(5,637)
Museum	49,950	54,119	51,365	2,754
Library	118,538	121,144	116,295	4,849
Total expenditures	<u>2,280,929</u>	<u>2,513,891</u>	<u>2,454,567</u>	<u>59,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,349</u>	<u>24,052</u>	<u>195,741</u>	<u>171,689</u>
Other financing sources (uses)				
Transfers in	14,386	13,808	530,035	516,227
Transfers out	0	0	(201,182)	(201,182)
Total other financing sources (uses)	<u>14,386</u>	<u>13,808</u>	<u>328,853</u>	<u>315,045</u>
Net change in fund balance	97,735	37,860	524,594	486,734
Fund balances, September 1	<u>(97,735)</u>	<u>(37,860)</u>	<u>1,649,510</u>	<u>1,687,370</u>
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,174,104</u>	<u>\$ 2,174,104</u>

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, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 44	\$ 519	\$ 1,251	\$ 732
Total revenues	<u>44</u>	<u>519</u>	<u>1,251</u>	<u>732</u>
EXPENDITURES				
Current				
Housing and Development	0	519	0	519
Total expenditures	<u>0</u>	<u>519</u>	<u>0</u>	<u>519</u>
Net change in fund balance	44	0	1,251	1,251
Fund balances, September 1	<u>(44)</u>	<u>0</u>	<u>677,192</u>	<u>677,192</u>
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 678,443</u>	<u>\$ 678,443</u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2018

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 0	\$ 19,094	\$ 200	\$ 0	\$ 19,294
Certificates of deposit	0	259,056	0	0	259,056
Restricted assets					
Cash and cash equivalents	80,622	8,897	0	0	89,519
Certificates of deposit	1,133,281	40,218	0	0	1,173,499
Accounts receivable (net)	189,335	112,319	7,331	26,088	335,073
Intergovernmental receivables	24,771	0	420,715	0	445,486
Due from other funds	609,768	0	0	0	609,768
Inventory	5,000	78,370	0	0	83,370
Prepaid items	10,357	5,178	4,946	3,084	23,565
Total current assets	2,053,134	523,132	433,192	29,172	3,038,630
Noncurrent assets					
Capital assets					
Non-depreciable	13,070	0	142,816	0	155,886
Depreciable (net)	12,459,185	1,463,480	91,202	0	14,013,867
Total noncurrent assets	12,472,255	1,463,480	234,018	0	14,169,753
Total assets	14,525,389	1,986,612	667,210	29,172	17,208,383
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	10,451	21,192	6,706	0	38,349
Pension experience differences	1,517	1,780	902	0	4,199
Pension assumption changes	6,954	12,790	5,067	0	24,811
Total deferred outflows of resources	18,922	35,762	12,675	0	67,359
LIABILITIES					
Current liabilities					
Payables					
Accounts	106,441	31,771	11,684	22,687	172,583
Retainage	2,000	0	0	0	2,000
Interest	0	0	181	0	181
Accrued liabilities	0	2,061	2,364	0	4,425
Due to other funds	117,557	0	0	0	117,557
Compensated absences	5,688	19,486	3,069	0	28,243
Capital lease payable	0	0	32,495	0	32,495
Liabilities payable from restricted assets					
Customer deposits payable	65,224	49,115	0	0	114,339
Accrued interest payable	9,800	0	0	0	9,800
Notes payable	140,291	0	0	0	140,291
Total current liabilities	447,001	102,433	49,793	22,687	621,914

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2018

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
Noncurrent liabilities					
Net pension liability	\$ 26,264	\$ 66,368	\$ 24,732	\$ 0	\$ 117,364
Capital lease payable	0	0	29,373	0	29,373
Notes payable	5,164,112	0	0	0	5,164,112
Total noncurrent liabilities	<u>5,190,376</u>	<u>66,368</u>	<u>54,105</u>	<u>0</u>	<u>5,310,849</u>
Total liabilities	<u>5,637,377</u>	<u>168,801</u>	<u>103,898</u>	<u>22,687</u>	<u>5,932,763</u>
DEFERRED INFLOWS OF RESOURCES					
Pension experience differences	20,232	23,233	7,266	0	50,731
Pension investment return differences	24,924	48,998	16,186	0	90,108
Total deferred inflows of resources	<u>45,156</u>	<u>72,231</u>	<u>23,452</u>	<u>0</u>	<u>140,839</u>
NET POSITION					
Net investment in capital assets	7,155,781	1,463,480	172,150	0	8,791,411
Restricted for debt service	1,126,179	0	0	0	1,126,179
Unrestricted	579,818	317,862	380,385	6,485	1,284,550
Total net position	<u>\$ 8,861,778</u>	<u>\$ 1,781,342</u>	<u>\$ 552,535</u>	<u>\$ 6,485</u>	<u>\$ 11,202,140</u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2018

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
OPERATING REVENUES					
Charges for sales and services	\$ 1,371,441	\$ 1,711,576	\$ 317,026	\$ 325,345	\$ 3,725,388
Other	6,580	27,962	12,502	0	47,044
Total operating revenues	<u>1,378,021</u>	<u>1,739,538</u>	<u>329,528</u>	<u>325,345</u>	<u>3,772,432</u>
OPERATING EXPENSES					
Costs of sales and services	858,600	769,057	170,581	273,332	2,071,570
Personal services	290,202	374,687	208,075	6,896	879,860
Depreciation	228,441	40,241	33,243	0	301,925
Total operating expenses	<u>1,377,243</u>	<u>1,183,985</u>	<u>411,899</u>	<u>280,228</u>	<u>3,253,355</u>
Operating income (loss)	<u>778</u>	<u>555,553</u>	<u>(82,371)</u>	<u>45,117</u>	<u>519,077</u>
Non-operating revenues (expenses)					
Intergovernmental revenue	22,764	0	0	0	22,764
Interest revenue	3,726	718	0	0	4,444
Interest expense	(117,516)	0	(2,711)	0	(120,227)
Total non-operating revenues (expenses)	<u>(91,026)</u>	<u>718</u>	<u>(2,711)</u>	<u>0</u>	<u>(93,019)</u>
Net income (loss) before transfers	<u>(90,248)</u>	<u>556,271</u>	<u>(85,082)</u>	<u>45,117</u>	<u>426,058</u>
Transfers in (out)					
Transfers in	203,256	0	201,182	0	404,438
Transfers out	(112,341)	(359,198)	0	(44,462)	(516,001)
Total transfers in (out)	<u>90,915</u>	<u>(359,198)</u>	<u>201,182</u>	<u>(44,462)</u>	<u>(111,563)</u>
Change in net position	667	197,073	116,100	655	314,495
Net position, September 1	<u>8,861,111</u>	<u>1,584,269</u>	<u>436,435</u>	<u>5,830</u>	<u>10,887,645</u>
Net position, August 31	<u><u>\$ 8,861,778</u></u>	<u><u>\$ 1,781,342</u></u>	<u><u>\$ 552,535</u></u>	<u><u>\$ 6,485</u></u>	<u><u>\$ 11,202,140</u></u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2018

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
Cash flows from operating activities:					
Receipts from customers	\$ 1,370,006	\$ 1,726,411	\$ 215,396	\$ 324,532	\$ 3,636,345
Payments to suppliers	(847,452)	(846,611)	(175,352)	(273,174)	(2,142,589)
Payments to employees	(302,163)	(405,011)	(219,545)	(6,896)	(933,615)
Other receipts	6,580	27,962	12,502	0	47,044
Net cash provided (used) by operating activities	<u>226,971</u>	<u>502,751</u>	<u>(166,999)</u>	<u>44,462</u>	<u>607,185</u>
Cash flows from non-capital financing activities:					
Receipts from other funds	0	0	201,182	0	201,182
Payments to other funds	(112,341)	(359,198)	0	(44,462)	(516,001)
Net cash provided (used) by non-capital financing activities	<u>(112,341)</u>	<u>(359,198)</u>	<u>201,182</u>	<u>(44,462)</u>	<u>(314,819)</u>
Cash flows from capital and related financing activities:					
Receipts from other funds	320,813	0	0	0	320,813
Payments to other funds	(203,256)	0	0	0	(203,256)
Receipts from other governments	47,181	0	0	0	47,181
Payments for acquisitions of capital assets	(78,971)	(143,552)	0	0	(222,523)
Payment of capital related accounts payable	(161,099)	0	0	0	(161,099)
Payment of retainage payable	(29,785)	0	0	0	(29,785)
Proceeds from promissory notes	222,674	0	0	0	222,674
Principal payments - capital lease payable	0	0	(31,383)	0	(31,383)
Principal payments - promissory notes	(134,962)	0	0	0	(134,962)
Interest paid	(117,702)	0	(2,800)	0	(120,502)
Net cash provided (used) by capital and related financing activities	<u>(135,107)</u>	<u>(143,552)</u>	<u>(34,183)</u>	<u>0</u>	<u>(312,842)</u>
Cash flows from investing activities:					
Purchases of certificates of deposit	(3,706)	(706)	0	0	(4,412)
Interest received	3,726	718	0	0	4,444
Net cash provided (used) by investing activities	<u>20</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>32</u>
Net increase (decrease) in cash and cash equivalents	(20,457)	13	0	0	(20,444)
Cash and cash equivalents, September 1	<u>101,079</u>	<u>27,978</u>	<u>200</u>	<u>0</u>	<u>129,257</u>
Cash and cash equivalents, August 31	<u><u>\$ 80,622</u></u>	<u><u>\$ 27,991</u></u>	<u><u>\$ 200</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 108,813</u></u>

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2018

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 778	\$ 555,553	\$ (82,371)	\$ 45,117	\$ 519,077
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	228,441	40,241	33,243	0	301,925
(Increase) decrease in accounts receivable	(5,669)	12,260	187	(813)	5,965
(Increase) decrease in intergovernmental receivables	0	0	(101,817)	0	(101,817)
(Increase) decrease in inventory	0	(49,908)		0	(49,908)
(Increase) decrease in prepaid items	5,576	(1,319)	(1,087)	31	3,201
(Increase) decrease in pension contributions subsequent to measurement date	4,587	8,436	3,341	0	16,364
Increase (decrease) in accounts payable	6,818	(20,073)	(2,471)	127	(15,599)
Increase (decrease) in accrued liabilities	(1,246)	(6,254)	(1,213)	0	(8,713)
Increase (decrease) in customer deposits payable	4,234	2,575	0	0	6,809
Increase (decrease) in compensated absences	3,949	307	435	0	4,691
Increase (decrease) in net pension liability	(29,232)	(53,764)	(21,297)	0	(104,293)
Increase (decrease) in pension investment return differences	25,826	47,501	18,817	0	92,144
Increase (decrease) in pension assumption changes	(7,566)	(15,286)	(5,826)	0	(28,678)
Increase (decrease) in pension experience differences	(9,525)	(17,518)	(6,940)	0	(33,983)
Total adjustments	226,193	(52,802)	(84,628)	(655)	88,108
Net cash provided (used) by operating activities	\$ 226,971	\$ 502,751	\$ (166,999)	\$ 44,462	\$ 607,185
Cash and cash equivalents reconciliation:					
Cash and cash equivalents	\$ 0	\$ 19,094	\$ 200	\$ 0	\$ 19,294
Restricted assets					
Cash and cash equivalents	80,622	8,897	0	0	89,519
Total cash and cash equivalents	\$ 80,622	\$ 27,991	\$ 200	\$ 0	\$ 108,813

Noncash investing, capital, and financing activities:

Acquisition of capital assets through capital-related payables totaled \$24,771.
Increase in notes payable through intergovernmental receivable totaled \$20,255.

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
August 31, 2018

	<u>Tallapoosa Development Authority</u>	<u>Tallapoosa Recreation Authority</u>	<u>Downtown Development Authority</u>	<u>Totals</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 617,693	\$ 525,313	\$ 14,778	\$ 1,157,784
Certificates of deposit	661,544	0	0	661,544
Intergovernmental receivables	17,805	0	0	17,805
	<u>1,297,042</u>	<u>525,313</u>	<u>14,778</u>	<u>1,837,133</u>
Noncurrent assets				
Capital assets				
Non-depreciable	44,848	1,733,846	10,504	1,789,198
	<u>44,848</u>	<u>1,733,846</u>	<u>10,504</u>	<u>1,789,198</u>
Total assets	<u>1,341,890</u>	<u>2,259,159</u>	<u>25,282</u>	<u>3,626,331</u>
LIABILITIES				
Current liabilities				
Intergovernmental payables	0	420,715	0	420,715
	<u>0</u>	<u>420,715</u>	<u>0</u>	<u>420,715</u>
NET POSITION				
Investment in capital assets	44,848	1,733,846	10,504	1,789,198
Unrestricted	1,297,042	104,598	14,778	1,416,418
	<u>1,297,042</u>	<u>104,598</u>	<u>14,778</u>	<u>1,416,418</u>
Total net position	<u>\$ 1,341,890</u>	<u>\$ 1,838,444</u>	<u>\$ 25,282</u>	<u>\$ 3,205,616</u>

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended August 31, 2018

	Tallapoosa Development Authority	Tallapoosa Recreational Authority	Downtown Development Authority	Totals
Expenses				
Housing and Development	\$ 40	\$ 0	\$ 4,039	\$ 4,079
Total expenses	<u>40</u>	<u>0</u>	<u>4,039</u>	<u>4,079</u>
Program revenues				
Operating grants and contributions	<u>0</u>	<u>0</u>	<u>4,189</u>	<u>4,189</u>
Net (expense) revenue	(40)	0	150	110
General revenues				
Interest and investment earnings	<u>902</u>	<u>93</u>	<u>0</u>	<u>995</u>
Change in net position	862	93	150	1,105
Net position, September 1	<u>1,341,028</u>	<u>1,838,351</u>	<u>25,132</u>	<u>3,204,511</u>
Net position, August 31	<u>\$ 1,341,890</u>	<u>\$ 1,838,444</u>	<u>\$ 25,282</u>	<u>\$ 3,205,616</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018 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, 2018

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.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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 City reports deferred inflows of resources for unavailable revenues, which arises only under a modified accrual basis of accounting and 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, 2018

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, 2018

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, 2018

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, 2018

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.

V. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of the changes in the City's financial position and operations. Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

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, 2018

4. Accounts Receivable

Net accounts receivable at August 31, 2018 consist of the following:

Major Funds		
General Fund	\$	7,411
Enterprise funds		
Water and Sewer Fund	\$ 196,161	
Less: Allowance for Uncollectibles	(6,826)	
Gas Fund	116,536	
Less: Allowance for Uncollectibles	(4,217)	
Golf Fund	7,331	308,985
		<u>308,985</u>
Nonmajor Enterprise Funds		
Sanitation Fund	27,461	
Less: Allowance for Uncollectibles	(1,373)	26,088
		<u>26,088</u>
Total primary government	\$	<u><u>342,484</u></u>

5. Intergovernmental Receivables

Intergovernmental receivables at August 31, 2018 consist of the following:

Primary Government:		
Major Funds		
General Fund		
Georgia Department of Natural Resources	\$	93,000
2015 SPLOST Capital Projects Fund		
Haralson County, Georgia		88,362
Enterprise Funds		
Water and Sewer Fund		
Georgia Environmental Facilities Authority	\$	24,771
Golf Fund		
Tallapoosa Recreational Authority	420,715	445,486
		<u>445,486</u>
Total primary government	\$	<u><u>626,848</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, 2018

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 2017, based upon the assessments of January 1, 2017, were levied on September 21, 2017, billed on October 19, 2017, and due on December 31, 2017.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of August 31, 2018 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	1,475
2010 SPLOST	Water and Sewer	117,557
Water and Sewer	2015 SPLOST	<u>609,768</u>
		<u>\$ 825,205</u>

Interfund balances at August 31, 2018 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, 2018

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	\$ 201,182
2015 SPLOST	Water and Sewer	203,256
Nonmajor Governmental	General	14,034
Water and Sewer	General	112,341
Gas	General	359,198
Nonmajor Enterprise	General	<u>44,462</u>
		<u>\$ 934,473</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, 2018

8. Capital Assets

Capital asset activity for the primary government for the fiscal year ended August 31, 2018 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
Construction in progress	0	5,760	0	5,760
Total non-depreciable assets	<u>456,132</u>	<u>5,760</u>	<u>0</u>	<u>461,892</u>
Depreciable assets				
Buildings and improvements	2,573,393	0	0	2,573,393
Machinery and equipment	967,184	211,983	0	1,179,167
Vehicles	669,755	11,541	0	681,296
Infrastructure	1,478,364	0	0	1,478,364
Total depreciable assets	<u>5,688,696</u>	<u>223,524</u>	<u>0</u>	<u>5,912,220</u>
Accumulated depreciation				
Buildings and improvements	(1,434,023)	(72,351)	0	(1,506,374)
Machinery and equipment	(867,802)	(32,595)	0	(900,397)
Vehicles	(614,060)	(22,427)	0	(636,487)
Infrastructure	(513,712)	(51,679)	0	(565,391)
Total accumulated depreciation	<u>(3,429,597)</u>	<u>(179,052)</u>	<u>0</u>	<u>(3,608,649)</u>
Total depreciable assets, net	<u>2,259,099</u>	<u>44,472</u>	<u>0</u>	<u>2,303,571</u>
Governmental activities capital assets, net	<u>\$ 2,715,231</u>	<u>\$ 50,232</u>	<u>\$ 0</u>	<u>\$ 2,765,463</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 142,816	\$ 0	\$ 0	\$ 142,816
Construction in progress	640,650	103,741	(731,321)	13,070
Total non-depreciable assets	<u>783,466</u>	<u>103,741</u>	<u>(731,321)</u>	<u>155,886</u>
Depreciable assets				
Land improvements	15,656	0	0	15,656
Water and sewer distribution system	15,427,438	731,321	0	16,158,759
Gas distribution system	1,911,908	143,553	0	2,055,461
Buildings	205,008	0	0	205,008
Vehicles, machinery and equipment	806,014	0	0	806,014
Total depreciable assets	<u>18,366,024</u>	<u>874,874</u>	<u>0</u>	<u>19,240,898</u>
Accumulated depreciation				
Land improvements	(15,656)	0	0	(15,656)
Water and sewer distribution system	(3,501,176)	(217,473)	0	(3,718,649)
Gas distribution system	(554,700)	(39,748)	0	(594,448)
Buildings	(202,049)	(493)	0	(202,542)
Vehicles, machinery and equipment	(651,525)	(44,211)	0	(695,736)
Total accumulated depreciation	<u>(4,925,106)</u>	<u>(301,925)</u>	<u>0</u>	<u>(5,227,031)</u>
Total depreciable assets, net	<u>13,440,918</u>	<u>572,949</u>	<u>0</u>	<u>14,013,867</u>
Business-type activities capital assets, net	<u>\$ 14,224,384</u>	<u>\$ 676,690</u>	<u>\$ (731,321)</u>	<u>\$ 14,169,753</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

8. Capital Assets (continued)

Capital asset activity for the component units for the fiscal year ended August 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Tallapoosa Development Authority				
Nondepreciable assets				
Land	\$ 44,848	\$ 0	\$ 0	\$ 44,848
Tallapoosa Downtown Development Authority				
Nondepreciable assets				
Land	\$ 10,504	\$ 0	\$ 0	\$ 10,504
Tallapoosa Recreational Authority				
Nondepreciable assets				
Land	\$ 1,733,846	\$ 0	\$ 0	\$ 1,733,846

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 52,437
Public Safety	27,402
Public Works	56,509
Culture and Recreation	42,704
Total depreciation expense for governmental activities	<u>\$ 179,052</u>

Business-type activities

Water and Sewer	\$ 228,441
Gas	40,241
Golf	33,243
Total depreciation expense for business-type activities	<u>\$ 301,925</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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, 2018 is \$61,868 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 \$60,026 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, 2018.

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, 2018:

Year Ending August 31,	Business-type Activities
2019	\$ 34,185
2020	<u>29,912</u>
Total minimum lease payments	64,097
Less amounts representing interest	<u>(2,229)</u>
Present value of minimum lease payments	<u><u>\$ 61,868</u></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.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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.

Georgia Environmental Facilities Authority Note Payable – Water and Sewer Fund – CWSRF-13-011: The modified amount of the loan is \$3,225,000 of which \$2,822,420 has been drawn down to date. The construction rate and permanent rate is 1.4%. There will be no payments until construction is complete. The maturity schedule below does not include 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 \$840,116 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.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

10. Long-Term Debt (continued)

Notes Payable, continued

Annual debt service requirements for notes payable are as follows:

Year Ending August 31,	Principal	Interest	Total
2019	\$ 140,291	\$ 62,965	\$ 203,256
2020	145,783	57,473	203,256
2021	141,575	51,603	193,178
2022	116,522	46,523	163,045
2023	121,344	41,701	163,045
2024-2028	686,381	128,843	815,224
2029-2033	288,381	15,602	303,983
2034-2038	1,590	4	1,594
Totals	<u>\$ 1,641,867</u>	<u>\$ 404,714</u>	<u>\$ 2,046,581</u>

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, 2018:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 38,822	\$ 36,243	\$ 38,822	\$ 36,243	\$ 36,243
Business-type Activities					
Notes payable	\$ 5,358,387	80,978	134,962	5,304,403	140,291
Capital lease obligations	93,251	0	31,383	61,868	32,495
Compensated absences	23,552	28,243	23,552	28,243	28,243
Total Business-type Activities	<u>\$ 5,475,190</u>	<u>\$ 109,221</u>	<u>\$ 189,897</u>	<u>\$ 5,394,514</u>	<u>\$ 201,029</u>

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, 2018 was \$120,227.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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, 2018:

	<u>General</u>	<u>Urban Development Action Grant</u>	<u>2010 SPLOST</u>	<u>2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:						
Law enforcement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61	\$ 61
Urban development	0	678,443	0	0	0	678,443
Capital outlay	75,731	0	117,635	396,712	120,122	710,200
	<u>\$ 75,731</u>	<u>\$ 678,443</u>	<u>\$ 117,635</u>	<u>\$ 396,712</u>	<u>\$ 120,183</u>	<u>\$ 1,388,704</u>
Committed for:						
Museum operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,009	\$ 6,009
Community planning	0	0	0	0	1,436	1,436
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,445</u>	<u>\$ 7,445</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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, 2018:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 6,374,112	\$ 19,396,784
Accumulated depreciation	(3,608,649)	(5,227,031)
Book value	2,765,463	14,169,753
Capital-related accounts payable	(17,010)	(22,771)
Retainage payable	0	(2,000)
Notes payable	0	(5,304,403)
Capital lease payable	0	(61,868)
Unspent note proceeds	0	12,700
Net investment in capital assets	<u>\$ 2,748,453</u>	<u>\$ 8,791,411</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, 2018

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, 2018, the date of the most recent actuarial valuation, there were 73 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	25
Terminated vested participants entitled to but not yet receiving benefits	15
Active participants	<u>33</u>
Total number of participants	<u><u>73</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, 2018 was \$105,166, or 7.11% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At August 31, 2018, the City reported a net pension liability of \$281,255. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the fiscal year ended August 31, 2018, the City recognized pension expense of (\$39,188). For governmental activities, the net pension liability is liquidated by the General Fund.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

14. Pension Plan (continued)

At August 31, 2018, 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	\$ 9,812	\$ (129,495)
Changes of assumptions	61,209	0
Net difference between projected and actual earnings on pension plan investments	0	(230,008)
City contributions subsequent to the measurement date	<u>96,401</u>	<u>0</u>
Totals	<u>\$ 167,422</u>	<u>\$ (359,503)</u>

The \$96,401 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending August 31	
2019	\$ (96,084)
2020	(73,145)
2021	(62,316)
2022	<u>(56,937)</u>
Totals	<u>\$ (288,482)</u>

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.50%
Net investment rate of return	7.50%

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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, 2018 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Cash	0%	
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.50 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, 2018

14. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	<u>Liability (Asset)</u>	<u>Net Position</u>	<u>Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at September 30, 2016	\$ 4,457,765	\$ 3,919,217	\$ 538,548
Changes for the year:			
Service cost	45,446	0	45,446
Interest	337,085	0	337,085
Differences between expected and actual experience	(5,738)	0	(5,738)
Contributions—employer	0	145,536	(145,536)
Net investment income	0	585,096	(585,096)
Benefit payments, including refunds of employee contributions	(216,556)	(216,556)	0
Administrative expense	0	(14,933)	14,933
Other	81,613	0	81,613
Net changes	<u>241,850</u>	<u>499,143</u>	<u>(257,293)</u>
Balances at September 30, 2017	<u>\$ 4,699,615</u>	<u>\$ 4,418,360</u>	<u>\$ 281,255</u>

Plan fiduciary net position as a percentage of the total pension liability	94.02%
Covered payroll	\$ 1,324,089
Net pension liability as a percentage of covered payroll	21.24%

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 (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.50%	\$ 818,235
Current discount rate	7.50%	281,255
1% increase	8.50%	(171,769)

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, 2018

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, 2018 follows:

Lodging tax receipts	\$ 23,198	
Disbursements and transfers	\$ 9,164	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 current fiscal year, City of Tallapoosa property taxes were abated totaling \$276,882 under this program through authorities as follows: \$261,626 through the Tallapoosa Development Authority and \$15,256 under this program through the Haralson County 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 2018, the city paid \$3,160 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, 2018

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, 2018.

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, 2018

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, 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, 2018

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, 2018. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Expended to Date	Remaining Commitment
Water System Improvements - New Water Lines	<u>\$ 618,076</u>	<u>\$ 17,458</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

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. Subsequent Events

On October 5, 2018, the City modified its loan (CWSRF-13-011) from the Georgia Environmental Facilities Authority to increase the principal balance of \$3,225,000 to \$3,545,000.

22. New Accounting Standards

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the City's current fiscal year.

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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, 2018
(Unaudited)

	Fiscal Year End			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 45,446	\$ 49,861	\$ 49,101	\$ 55,570
Interest	337,085	342,267	326,813	324,513
Differences between expected and actual experience	(5,738)	(250,378)	24,528	(121,811)
Changes of assumptions	81,613	0	0	(38,829)
Benefit payments, including refunds of employee contributions	(216,556)	(200,672)	(201,388)	(178,144)
Net change in total pension liability	241,850	(58,922)	199,054	41,299
Total pension liability - beginning	4,457,765	4,516,687	4,317,633	4,276,334
Total pension liability - ending (a)	\$ 4,699,615	\$ 4,457,765	\$ 4,516,687	\$ 4,317,633
Plan fiduciary net position				
Contributions - employer	\$ 145,536	\$ 155,578	\$ 200,375	\$ 257,851
Net investment income	585,096	396,794	40,135	358,931
Benefit payments, including refunds of employee contributions	(216,556)	(200,672)	(201,388)	(178,144)
Administrative expense	(14,933)	(8,361)	(9,684)	(7,513)
Net change in plan fiduciary net position	499,143	343,339	29,438	431,125
Plan fiduciary net position - beginning	3,919,217	3,575,878	3,546,440	3,115,315
Plan fiduciary net position - ending (b)	\$ 4,418,360	\$ 3,919,217	\$ 3,575,878	\$ 3,546,440
Net pension liability (asset) - ending : (a) - (b)	\$ 281,255	\$ 538,548	\$ 940,809	\$ 771,193
Plan's fiduciary net position as a percentage of the total pension liability	94.02%	87.92%	79.17%	82.14%
Covered payroll	\$ 1,324,089	\$ 1,314,431	\$ 1,362,102	\$ 1,254,372
Net pension liability as a percentage of covered payroll	21.24%	40.97%	69.07%	61.48%

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

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2018
(Unaudited)

	Fiscal Year End			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 105,166	\$ 149,206	\$ 156,157	\$ 204,395
Contributions in relation to the actuarially determined contribution	(105,166)	(149,206)	(156,157)	(204,395)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,478,999	\$ 1,325,373	\$ 1,342,761	\$ 1,349,856
Contributions as a percentage of covered payroll	7.11%	11.26%	11.63%	15.14%

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

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2018

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

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 12 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 = 7.50%

Projected salary increases = 2.75% 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, 2018

4. Changes of Assumptions

Amounts for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

**CITY OF TALLAPOOSA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2018**

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	Tallapoosa Community				2018 TSPLOST	
	<u>Museum</u>	<u>Planning Committee</u>	<u>Drug Forfeiture</u>	<u>Hotel/Motel Tax</u>		
ASSETS						
Cash and cash equivalents	\$ 6,009	\$ 1,436	\$ 61	\$ 0	\$ 95,744	\$ 103,250
Taxes receivable	0	0	0	2,458	24,378	26,836
Total assets	<u>\$ 6,009</u>	<u>\$ 1,436</u>	<u>\$ 61</u>	<u>\$ 2,458</u>	<u>\$ 120,122</u>	<u>\$ 130,086</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 983	\$ 0	\$ 983
Due to other funds	0	0	0	1,475	0	1,475
Total liabilities	0	0	0	2,458	0	2,458
Fund balances						
Restricted for:						
Law enforcement	0	0	61	0	0	61
Capital outlay	0	0	0	0	120,122	120,122
Committed for:						
Museum operations	6,009	0	0	0	0	6,009
Community planning	0	1,436	0	0	0	1,436
Total fund balances	6,009	1,436	61	0	120,122	127,628
Total liabilities and fund balances	<u>\$ 6,009</u>	<u>\$ 1,436</u>	<u>\$ 61</u>	<u>\$ 2,458</u>	<u>\$ 120,122</u>	<u>\$ 130,086</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, 2018

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Museum	Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax	2018 TSPLOST	
REVENUES						
Taxes	\$ 0	\$ 0	\$ 0	\$ 23,198	\$ 120,122	\$ 143,320
Charges for services	5,753	0	0	0	0	5,753
Total revenues	5,753	0	0	23,198	120,122	149,073
EXPENDITURES						
Current						
Culture and Recreation	3,718	0	0	0	0	3,718
Housing and Development	0	0	0	9,164	0	9,164
Total expenditures	3,718	0	0	9,164	0	12,882
Excess (deficiency) of revenues over (under) expenditures	2,035	0	0	14,034	120,122	136,191
Other financing sources (uses)						
Transfers out	0	0	0	(14,034)	0	(14,034)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,035	0	0	0	120,122	122,157
Fund balances, September 1	3,974	1,436	61	0	0	5,471
Fund balances, August 31	\$ 6,009	\$ 1,436	\$ 61	\$ 0	\$ 120,122	\$ 127,628

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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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,820,153	\$ 1,394,028
Certificates of deposit	135,761	134,951
Receivables (net)		
Accounts	7,411	5,382
Intergovernmental	93,000	0
Taxes	92,242	90,474
Due from other funds	5,075	4,849
Advances to other funds	92,805	92,805
Prepaid items	49,049	53,855
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 2,295,496</u></u>	<u><u>\$ 1,776,344</u></u>
 LIABILITIES		
Payables		
Accounts	\$ 88,785	\$ 77,624
Intergovernmental	17,805	17,805
Accrued liabilities	523	15,812
	<u> </u>	<u> </u>
Total liabilities	<u>107,113</u>	<u>111,241</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>14,279</u>	<u>15,593</u>
 FUND BALANCES		
Nonspendable:		
Advances to other funds	92,805	92,805
Prepaid items	49,049	53,855
Restricted for:		
Capital outlay	75,731	0
Unassigned	1,956,519	1,502,850
	<u> </u>	<u> </u>
Total fund balances	<u>2,174,104</u>	<u>1,649,510</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,295,496</u></u>	<u><u>\$ 1,776,344</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Taxes	\$ 2,189,765	\$ 2,039,408
Licenses and permits	20,430	13,344
Fines, fees and forfeitures	111,136	75,857
Charges for services	65,108	79,980
Intergovernmental	203,552	88,689
Interest	861	848
Contributions	34,161	25,119
Other	25,295	25,803
Total revenues	<u>2,650,308</u>	<u>2,349,048</u>
EXPENDITURES		
Current		
General Government	388,988	356,292
Public Safety	1,140,101	1,134,219
Public Works	293,136	508,553
Health and Welfare	52,562	50,456
Culture and Recreation	579,780	437,093
Total expenditures	<u>2,454,567</u>	<u>2,486,613</u>
Excess of revenues over expenditures	<u>195,741</u>	<u>(137,565)</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	14,034	14,342
Water and Sewer Fund	112,341	220,467
Gas Fund	359,198	281,635
Sanitation Fund	44,462	43,894
Golf Fund	(201,182)	(187,805)
Total other financing sources (uses)	<u>328,853</u>	<u>372,533</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	524,594	234,968
Fund balances, September 1	<u>1,649,510</u>	<u>1,414,542</u>
Fund balances, August 31	<u><u>\$ 2,174,104</u></u>	<u><u>\$ 1,649,510</u></u>

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2018
(With comparative actual amounts for the fiscal year ended August 31, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Real and personal tax	\$ 793,833	\$ 794,918	\$ 1,085	\$ 722,456
Motor vehicle tax	136,904	139,642	2,738	112,256
Mobile home tax	383	383	0	403
Cost, penalties and interest	6,112	6,112	0	7,527
Total general property taxes	937,232	941,055	3,823	842,642
Local option sales tax	561,857	567,405	5,548	525,061
Franchise tax	328,778	328,486	(292)	333,397
Insurance premium tax	220,481	210,881	(9,600)	198,040
Intangibles tax	10,294	10,294	0	10,546
Beer and wine tax	66,187	64,694	(1,493)	65,823
Occupational tax	34,851	45,276	10,425	44,739
Energy excise tax	21,674	21,674	0	19,160
Total taxes	2,181,354	2,189,765	8,411	2,039,408
Licenses and permits				
Alcohol licenses	10,075	10,075	0	9,750
Building permits	9,455	9,455	0	2,694
Other permits	900	900	0	900
Total licenses and permits	20,430	20,430	0	13,344
Fines, fees and forfeitures	108,120	111,136	3,016	75,857
Charges for Services				
Cemetery charges	2,200	2,200	0	3,600
Senior center charges	11,004	11,004	0	13,341
Recreation fees	51,904	51,904	0	62,571
Other charges for services	0	0	0	468
Total charges for services	65,108	65,108	0	79,980
Intergovernmental	110,552	203,552	93,000	88,689
Interest	26	861	835	848
Contributions	31,400	34,161	2,761	25,119
Other				
Rental Income	3,750	3,750	0	2,450
Miscellaneous	17,203	21,545	4,342	23,353
Total other	20,953	25,295	4,342	25,803
Total revenues	<u>\$ 2,537,943</u>	<u>\$ 2,650,308</u>	<u>\$ 112,365</u>	<u>\$ 2,349,048</u>

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2018
(With comparative actual amounts for the fiscal year ended August 31, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Administration				
Personal services	\$ 207,945	\$ 199,368	\$ 8,577	\$ 193,625
Contract services	42,977	42,427	550	49,840
Materials and supplies	26,365	25,856	509	24,598
Capital outlay	9,472	8,353	1,119	900
Total Administration	<u>286,759</u>	<u>276,004</u>	<u>10,755</u>	<u>268,963</u>
Mayor and Council				
Personal services	32,993	31,939	1,054	33,421
Contract services	59,660	58,198	1,462	30,156
Total Mayor and Council	<u>92,653</u>	<u>90,137</u>	<u>2,516</u>	<u>63,577</u>
Other General Government				
Personal services	23,669	22,778	891	23,752
Contract services	71	69	2	0
Total Other General Government	<u>23,740</u>	<u>22,847</u>	<u>893</u>	<u>23,752</u>
Total General Government	<u>403,152</u>	<u>388,988</u>	<u>14,164</u>	<u>356,292</u>
Public Safety				
Police Department				
Personal services	799,984	778,056	21,928	774,200
Contract services	61,161	59,911	1,250	60,974
Materials and supplies	64,329	63,660	669	59,060
Capital outlay	2,878	0	2,878	1,240
Total Police Department	<u>928,352</u>	<u>901,627</u>	<u>26,725</u>	<u>895,474</u>
Fire Department				
Personal services	26,244	24,819	1,425	147,295
Contract services	217,250	211,935	5,315	75,763
Materials and supplies	2,268	1,720	548	11,670
Capital outlay	0	0	0	4,017
Total Fire Department	<u>245,762</u>	<u>238,474</u>	<u>7,288</u>	<u>238,745</u>
Total Public Safety	<u>1,174,114</u>	<u>1,140,101</u>	<u>34,013</u>	<u>1,134,219</u>
Public Works				
Highways and Streets				
Personal services	87,627	85,046	2,581	57,768
Contract services	69,933	67,038	2,895	119,240
Materials and supplies	122,841	122,978	(137)	117,705
Capital outlay	2,151	0	2,151	199,065
Total Highways and Streets	<u>282,552</u>	<u>275,062</u>	<u>7,490</u>	<u>493,778</u>

CITY OF TALLAPOOSA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2018
(With comparative actual amounts for the fiscal year ended August 31, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
Public Works, continued				
Cemetery				
Personal services	\$ 7,582	\$ 7,496	\$ 86	\$ 7,772
Contract services	3,181	3,103	78	5,474
Materials and supplies	706	1,715	(1,009)	780
Capital outlay	6,979	5,760	1,219	749
Total Cemetery	<u>18,448</u>	<u>18,074</u>	<u>374</u>	<u>14,775</u>
Total Public Works	<u>301,000</u>	<u>293,136</u>	<u>7,864</u>	<u>508,553</u>
Health and Welfare				
Senior Center				
Personal services	31,016	29,906	1,110	28,587
Contract services	7,476	7,310	166	8,446
Materials and supplies	15,239	15,346	(107)	12,754
Capital outlay	148	0	148	669
Total Senior Center	<u>53,879</u>	<u>52,562</u>	<u>1,317</u>	<u>50,456</u>
Total Health and Welfare	<u>53,879</u>	<u>52,562</u>	<u>1,317</u>	<u>50,456</u>
Culture and Recreation				
Recreation				
Personal services	108,866	104,500	4,366	108,871
Contract services	46,241	45,767	474	68,616
Materials and supplies	72,078	77,353	(5,275)	69,717
Capital outlay	179,298	184,500	(5,202)	10,478
Total Recreation	<u>406,483</u>	<u>412,120</u>	<u>(5,637)</u>	<u>257,682</u>
Museum				
Personal services	24,480	22,966	1,514	22,785
Contract services	10,151	9,680	471	13,042
Materials and supplies	19,488	18,719	769	18,460
Capital outlay	0	0	0	5,381
Total Museum	<u>54,119</u>	<u>51,365</u>	<u>2,754</u>	<u>59,668</u>
Library				
Personal services	91,162	87,388	3,774	87,483
Contract services	8,974	8,678	296	12,224
Materials and supplies	20,856	20,229	627	20,021
Capital outlay	152	0	152	15
Total Library	<u>121,144</u>	<u>116,295</u>	<u>4,849</u>	<u>119,743</u>
Total Culture and Recreation	<u>581,746</u>	<u>579,780</u>	<u>1,966</u>	<u>437,093</u>
Total Expenditures	<u>\$ 2,513,891</u>	<u>\$ 2,454,567</u>	<u>\$ 59,324</u>	<u>\$ 2,486,613</u>

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, 2018 and 2017**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 6,009	\$ 3,974
Total assets	\$ 6,009	\$ 3,974
 LIABILITIES		
 FUND BALANCES		
Committed for museum operations	\$ 6,009	\$ 3,974
Total liabilities and fund balances	\$ 6,009	\$ 3,974

**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, 2018
(With comparative actual amounts for the fiscal year ended August 31, 2017)**

	<u>2018</u>			<u>2017</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Charges for services	\$ 7,459	\$ 5,753	\$ (1,706)	\$ 17,459
Total revenues	<u>7,459</u>	<u>5,753</u>	<u>(1,706)</u>	<u>17,459</u>
EXPENDITURES				
Current				
Culture and Recreation				
Contract services	4,475	2,608	1,867	22,899
Materials and supplies	2,984	1,110	1,874	15,913
Total expenditures	<u>7,459</u>	<u>3,718</u>	<u>3,741</u>	<u>38,812</u>
Excess (deficiency) of revenues over (under) expenditures	0	2,035	2,035	(21,353)
Fund balances, September 1	<u>0</u>	<u>3,974</u>	<u>3,974</u>	<u>25,327</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 6,009</u></u>	<u><u>\$ 6,009</u></u>	<u><u>\$ 3,974</u></u>

**CITY OF TALLAPOOSA, GEORGIA
TALLAPOOSA COMMUNITY PLANNING COMMITTEE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2018 and 2017**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,436	\$ 1,436
Total assets	\$ 1,436	\$ 1,436
 LIABILITIES		
 FUND BALANCES		
Committed for community planning	\$ 1,436	\$ 1,436
Total liabilities and fund balances	\$ 1,436	\$ 1,436

**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, 2018
(With comparative actual amounts for the fiscal year ended August 31, 2017)**

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	\$ 0	\$ 0	\$ 0	\$ 1
Total revenues	0	0	0	1
EXPENDITURES	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	1
Fund balances, September 1	0	1,436	1,436	1,435
Fund balances, August 31	\$ 0	\$ 1,436	\$ 1,436	\$ 1,436

**CITY OF TALLAPOOSA, GEORGIA
 DRUG FORFEITURE
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 August 31, 2018 and 2017**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 61	\$ 61
Total assets	\$ 61	\$ 61
 LIABILITIES		
 FUND BALANCES		
Restricted for law enforcement	\$ 61	\$ 61
Total liabilities and fund balances	\$ 61	\$ 61

**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, 2018

(With comparative actual amounts for the fiscal year ended August 31, 2017)

	2018			2017
	Final Budget	Actual	Variance	Actual
REVENUES	\$ 0	\$ 0	\$ 0	\$ 0
EXPENDITURES	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, September 1	0	61	61	61
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 61</u>

**CITY OF TALLAPOOSA, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2018 and 2017**

	2018	2017
ASSETS		
Taxes receivable	\$ 2,458	\$ 2,082
Total assets	\$ 2,458	\$ 2,082
 LIABILITIES		
Accounts payable	\$ 983	\$ 833
Due to other funds	1,475	1,249
Total liabilities	2,458	2,082
Total liabilities and fund balances	\$ 2,458	\$ 2,082

**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, 2018

(With comparative actual amounts for the fiscal year ended August 31, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes	\$ 23,832	\$ 23,198	\$ (634)	\$ 23,832
Total revenues	<u>23,832</u>	<u>23,198</u>	<u>(634)</u>	<u>23,832</u>
EXPENDITURES				
Current				
Housing and Development				
Payments to others	23,832	9,164	14,668	9,490
Total expenditures	<u>23,832</u>	<u>9,164</u>	<u>14,668</u>	<u>9,490</u>
Excess (deficiency) of revenues over (under) expenditures	0	14,034	14,034	14,342
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(14,034)	(14,034)	(14,342)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, September 1	0	0	0	0
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF TALLAPOOSA, GEORGIA
 URBAN DEVELOPMENT ACTION GRANT
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 August 31, 2018 and 2017**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 105,120	\$ 105,068
Certificates of deposit	666,128	664,929
Total assets	\$ 771,248	\$ 769,997
 LIABILITIES		
Advances from other funds	\$ 92,805	\$ 92,805
 FUND BALANCES		
Restricted for urban development	678,443	677,192
Total liabilities and fund balances	\$ 771,248	\$ 769,997

**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, 2018

(With comparative actual amounts for the fiscal year ended August 31, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Interest	\$ 519	\$ 1,251	\$ 732	\$ 515
Total revenues	<u>519</u>	<u>1,251</u>	<u>732</u>	<u>515</u>
EXPENDITURES	<u>519</u>	<u>0</u>	<u>519</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,251	1,251	515
Fund balances, September 1	<u>0</u>	<u>677,192</u>	<u>677,192</u>	<u>676,677</u>
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 678,443</u>	<u>\$ 678,443</u>	<u>\$ 677,192</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.

2018 TSPLOST - Used to account for projects financed by the passage of the Haralson County, Georgia 2018 transportation 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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,278	\$ 118,835
Due from other funds	117,557	0
Total assets	\$ 118,835	\$ 118,835
 LIABILITIES		
Due to other funds	\$ 1,200	\$ 1,200
 FUND BALANCES		
Restricted for capital outlay	117,635	117,635
Total liabilities and fund balances	\$ 118,835	\$ 118,835

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, 2018 and 2017

	2018	2017
REVENUES	\$ 0	\$ 0
EXPENDITURES	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0
Fund balances, September 1	117,635	117,635
Fund balances, August 31	\$ 117,635	\$ 117,635

CITY OF TALLAPOOSA, GEORGIA
2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 920,518	\$ 663,269
Intergovernmental receivables	88,362	82,543
Total assets	\$ 1,008,880	\$ 745,812
 LIABILITIES		
Accounts payable	\$ 0	\$ 45,260
Due to other funds	612,168	408,912
Total liabilities	612,168	454,172
 FUND BALANCES		
Restricted for capital outlay	396,712	291,640
Total liabilities and fund balances	\$ 1,008,880	\$ 745,812

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Intergovernmental	\$ 341,502	\$ 318,278
Interest	392	257
Total revenues	<u>341,894</u>	<u>318,535</u>
 EXPENDITURES		
Capital outlay		
Public Safety	<u>33,566</u>	<u>24,998</u>
 Excess (deficiency) of revenues over (under) expenditures	308,328	293,537
 Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	<u>(203,256)</u>	<u>(223,519)</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	105,072	70,018
 Fund balances, September 1	<u>291,640</u>	<u>221,622</u>
 Fund balances, August 31	<u><u>\$ 396,712</u></u>	<u><u>\$ 291,640</u></u>

CITY OF TALLAPOOSA, GEORGIA
2018 TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
August 31, 2018

ASSETS

Cash and cash equivalents	\$ 95,744
Taxes receivable	<u>24,378</u>

Total assets	\$ <u>120,122</u>
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LIABILITIES

FUND BALANCES

Restricted for capital outlay	<u>\$ 120,122</u>
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Total liabilities and fund balances	\$ <u>120,122</u>
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CITY OF TALLAPOOSA, GEORGIA
2018 TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended August 31, 2018

REVENUES		
Taxes	\$	120,122
Total revenues		120,122
EXPENDITURES		0
Excess (deficiency) of revenues over (under) expenditures		120,122
Fund balances, September 1		0
Fund balances, August 31		\$ 120,122

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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, 2018 and 2017**

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 0	\$ 24,692
Accounts receivable (net)	189,335	183,666
Intergovernmental receivable	24,771	190,884
Due from other funds	609,768	406,512
Inventory	5,000	5,000
Prepaid items	10,357	15,933
	839,231	826,687
Restricted assets		
Customer deposits		
Cash and cash equivalents	65,224	60,990
Debt redemption		
Cash and cash equivalents	2,698	2,698
Certificates of deposit	1,133,281	1,129,575
Construction fund		
Cash and cash equivalents	12,700	12,699
	1,213,903	1,205,962
Capital assets		
Nondepreciable	13,070	640,650
Depreciable (net)	12,459,185	11,956,304
	12,472,255	12,596,954
Total capital assets (net of accumulated depreciation)	12,472,255	12,596,954
	14,525,389	14,629,603
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	10,451	15,038
Pension experience differences	1,517	2,074
Pension investment return differences	0	902
Pension assumption changes	6,954	0
	18,922	18,014
Total deferred outflows of resources	18,922	18,014
LIABILITIES		
Current liabilities		
Accounts payable	106,441	237,951
Retainage payable	2,000	29,785
Accrued liabilities	0	1,246
Due to other funds	117,557	0
Compensated absences	5,688	1,739
	231,686	270,721
Total current liabilities	231,686	270,721
Current liabilities payable from restricted assets		
Customer deposits payable	65,224	60,990
Accrued interest payable	9,800	9,986
Notes payable	140,291	175,610
	215,315	246,586
Total current liabilities payable from restricted assets	215,315	246,586

**CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2018 and 2017**

	2018	2017
Noncurrent liabilities		
Net pension liability	\$ 26,264	\$ 55,496
Notes payable	5,164,112	5,182,777
Total noncurrent liabilities	5,190,376	5,238,273
Total liabilities	5,637,377	5,755,580
 DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	20,232	30,314
Pension investment return differences	24,924	0
Pension assumption changes	0	612
Total deferred inflows of resources	45,156	30,926
 NET POSITION		
Net investment in capital assets	7,155,781	7,060,382
Restricted for debt service	1,126,179	1,122,287
Unrestricted	579,818	678,442
Total net position	\$ 8,861,778	\$ 8,861,111

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for sales and services		
Water charges	\$ 731,732	\$ 755,666
Sewer charges	635,759	610,416
Tap fees	3,950	5,250
Other	6,580	5,110
	<u>1,378,021</u>	<u>1,376,442</u>
OPERATING EXPENSES		
Costs of sales and services	858,600	846,413
Personal services	290,202	277,772
Depreciation	228,441	218,690
	<u>1,377,243</u>	<u>1,342,875</u>
Operating income (loss)	<u>778</u>	<u>33,567</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	22,764	158,270
Interest revenue	3,726	2,595
Interest expense	(117,516)	(109,265)
	<u>(91,026)</u>	<u>51,600</u>
Net income (loss) before transfers	<u>(90,248)</u>	<u>85,167</u>
Transfers in (out)		
General Fund	(112,341)	(220,467)
2015 SPLOST Fund	203,256	223,519
	<u>90,915</u>	<u>3,052</u>
Change in net position	667	88,219
Net position, September 1	<u>8,861,111</u>	<u>8,772,892</u>
Net position, August 31	<u><u>\$ 8,861,778</u></u>	<u><u>\$ 8,861,111</u></u>

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 1,370,006	\$ 1,401,579
Payments to suppliers	(847,452)	(932,661)
Payments to employees	(302,163)	(299,898)
Other receipts	6,580	5,110
Net cash provided (used) by operating activities	226,971	174,130
Cash flows from non-capital financing activities:		
Payments to other funds	(112,341)	(220,467)
Cash flows from capital and related financing activities:		
Receipts from other funds	320,813	223,519
Payments to other funds	(203,256)	(322,091)
Receipts from other governments	47,181	175,230
Payments for acquisitions of capital assets	(78,971)	(557,651)
Payment of capital related accounts payable	(161,099)	(49,670)
Payment of retainage payable	(29,785)	0
Proceeds from promissory notes	222,674	493,902
Principal payments - promissory notes	(134,962)	(129,844)
Interest paid	(117,702)	(109,114)
Net cash provided (used) by capital and related financing activities	(135,107)	(275,719)
Cash flows from investing activities:		
Purchases of certificates of deposit	(3,706)	(2,517)
Interest received	3,726	2,595
Net cash provided (used) by investing activities	20	78
Net increase (decrease) in cash and cash equivalents	(20,457)	(321,978)
Cash and cash equivalents, September 1	101,079	423,057
Cash and cash equivalents, August 31	\$ 80,622	\$ 101,079

CITY OF TALLAPOOSA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 778	\$ 33,567
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	228,441	218,690
(Increase) decrease in accounts receivable	(5,669)	25,567
(Increase) decrease in prepaid items	5,576	(8,629)
(Increase) decrease in pension contributions subsequent to measurement date	4,587	963
Increase (decrease) in accounts payable	6,818	(76,782)
Increase (decrease) in accrued liabilities	(1,246)	(837)
Increase (decrease) in customer deposits payable	4,234	4,680
Increase (decrease) in compensated absences	3,949	(3,673)
Increase (decrease) in net pension liability	(29,232)	(60,819)
Increase (decrease) in pension investment return differences	25,826	18,341
Increase (decrease) in pension assumption changes	(7,566)	(1,468)
Increase (decrease) in pension experience differences	(9,525)	24,530
Total adjustments	226,193	140,563
Net cash provided (used) by operating activities	\$ 226,971	\$ 174,130
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 0	\$ 24,692
Restricted for:		
Customer deposits		
Cash and cash equivalents	65,224	60,990
Debt redemption		
Cash and cash equivalents	2,698	2,698
Construction fund		
Cash and cash equivalents	12,700	12,699
Total cash and cash equivalents	\$ 80,622	\$ 101,079

Noncash investing, capital, and financing activities:

Acquisition of capital assets through capital-related payables totaled \$24,771 and \$116,489 for the fiscal years ended August 31, 2018 and 2017, respectively.

Increase in notes payable through intergovernmental receivable totaled \$20,255 and \$90,719 for the fiscal years ended August 31, 2018 and 2017, respectively.

**CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2018 and 2017**

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,094	\$ 21,416
Certificates of deposit	259,056	258,590
Accounts receivable (net)	112,319	124,579
Inventory	78,370	28,462
Prepaid items	5,178	3,859
Total current assets	474,017	436,906
Restricted assets		
Customer deposits		
Cash and cash equivalents	8,897	6,562
Certificates of deposit	40,218	39,978
Total restricted assets	49,115	46,540
Capital assets		
Depreciable (net)	1,463,480	1,360,169
Total assets	1,986,612	1,843,615
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	21,192	29,628
Pension experience differences	1,780	2,805
Pension assumption changes	12,790	0
Total deferred outflows of resources	35,762	32,433
LIABILITIES		
Current liabilities		
Accounts payable	31,771	51,844
Accrued liabilities	2,061	8,315
Compensated absences	19,486	19,179
Total current liabilities	53,318	79,338
Current liabilities payable from restricted assets		
Customer deposits payable	49,115	46,540
Noncurrent liabilities		
Net pension liability	66,368	120,132
Total liabilities	168,801	246,010
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	23,233	41,776
Pension investment return differences	48,998	1,497
Pension assumption changes	0	2,496
Total deferred inflows of resources	72,231	45,769
NET POSITION		
Investment in capital assets	1,463,480	1,360,169
Unrestricted	317,862	224,100
Total net position	\$ 1,781,342	\$ 1,584,269

**CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for sales and services		
Gas charges	\$ 1,710,576	\$ 1,406,083
Tap fees	1,000	250
Other	27,962	17,185
	<u>1,739,538</u>	<u>1,423,518</u>
OPERATING EXPENSES		
Costs of sales and services	769,057	700,910
Personal services	374,687	358,542
Depreciation	40,241	38,327
	<u>1,183,985</u>	<u>1,097,779</u>
Operating income (loss)	555,553	325,739
Non-operating revenues (expenses)		
Interest revenue	718	347
	<u>718</u>	<u>347</u>
Net income (loss) before transfers	556,271	326,086
Transfers in (out)		
General Fund	(359,198)	(281,635)
	<u>(359,198)</u>	<u>(281,635)</u>
Change in net position	197,073	44,451
Net position, September 1	<u>1,584,269</u>	<u>1,539,818</u>
Net position, August 31	<u><u>\$ 1,781,342</u></u>	<u><u>\$ 1,584,269</u></u>

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 1,726,411	\$ 1,402,745
Payments to suppliers	(846,611)	(698,416)
Payments to employees	(405,011)	(379,089)
Other receipts	27,962	17,185
	502,751	342,425
Cash flows from non-capital financing activities:		
Payments to other funds	(359,198)	(281,635)
	(359,198)	(281,635)
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(143,552)	(34,229)
Payment of capital related accounts payable	0	(26,561)
	(143,552)	(60,790)
Net cash provided (used) by capital and related financing activities	(143,552)	(60,790)
Cash flows from investing activities:		
Purchases of certificates of deposit	(706)	(334)
Interest received	718	347
	12	13
Net cash provided (used) by investing activities	12	13
Net increase (decrease) in cash and cash equivalents	13	13
Cash and cash equivalents, September 1	27,978	27,965
Cash and cash equivalents, August 31	\$ 27,991	\$ 27,978

CITY OF TALLAPOOSA, GEORGIA
GAS ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 555,553	\$ 325,739
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	40,241	38,327
(Increase) decrease in accounts receivable	12,260	(5,958)
(Increase) decrease in inventory	(49,908)	(19,118)
(Increase) decrease in prepaid items	(1,319)	(1,308)
(Increase) decrease in pension contributions subsequent to measurement date	8,436	1,152
Increase (decrease) in accounts payable	(20,073)	19,018
Increase (decrease) in accrued liabilities	(6,254)	3,902
Increase (decrease) in customer deposits payable	2,575	2,370
Increase (decrease) in compensated absences	307	1,514
Increase (decrease) in net pension liability	(53,764)	(72,714)
Increase (decrease) in pension investment return differences	47,501	21,929
Increase (decrease) in pension assumption changes	(15,286)	(1,755)
Increase (decrease) in pension experience differences	(17,518)	29,327
Total adjustments	<u>(52,802)</u>	<u>16,686</u>
Net cash provided (used) by operating activities	<u>\$ 502,751</u>	<u>\$ 342,425</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 19,094	\$ 21,416
Restricted for customer deposits		
Cash and cash equivalents	<u>8,897</u>	<u>6,562</u>
Total cash and cash equivalents	<u>\$ 27,991</u>	<u>\$ 27,978</u>

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 200	\$ 200
Accounts receivable (net)	7,331	7,518
Intergovernmental receivables	420,715	318,898
Prepaid items	4,946	3,859
Total current assets	433,192	330,475
Capital assets		
Nondepreciable	142,816	142,816
Depreciable (net)	91,202	124,445
Total capital assets (net of accumulated depreciation)	234,018	267,261
Total assets	667,210	597,736
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	6,706	10,047
Pension experience differences	902	1,308
Pension investment return differences	0	2,631
Pension assumption changes	5,067	0
Total deferred outflows of resources	12,675	13,986
LIABILITIES		
Current liabilities		
Accounts payable	11,684	14,155
Accrued interest	181	270
Accrued liabilities	2,364	3,577
Compensated absences	3,069	2,634
Capital lease payable	32,495	31,383
Total current liabilities	49,793	52,019
Noncurrent liabilities		
Net pension liability	24,732	46,029
Capital lease payable	29,373	61,868
Total noncurrent liabilities	54,105	107,897
Total liabilities	103,898	159,916
DEFERRED INFLOWS OF RESOURCES		
Pension experience differences	7,266	14,612
Pension investment return differences	16,186	0
Pension assumption changes	0	759
Total deferred inflows of resources	23,452	15,371
NET POSITION		
Net investment in capital assets	172,150	174,010
Unrestricted	380,385	262,425
Total net position	\$ 552,535	\$ 436,435

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Charges for sales and services		
Golf charges	\$ 317,026	\$ 305,073
Other	12,502	12,900
	329,528	317,973
OPERATING EXPENSES		
Costs of sales and services	170,581	200,743
Personal services	208,075	166,948
Depreciation	33,243	33,243
	411,899	400,934
Operating income (loss)	(82,371)	(82,961)
Non-operating revenues (expenses)		
Interest expense	(2,711)	(3,788)
Net income (loss) before transfers	(85,082)	(86,749)
Transfers in (out)		
General Fund	201,182	187,805
Change in net position	116,100	101,056
Net position, September 1	436,435	335,379
Net position, August 31	\$ 552,535	\$ 436,435

CITY OF TALLAPOOSA, GEORGIA
GOLF ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 215,396	\$ 209,278
Payments to suppliers	(175,352)	(194,988)
Payments to employees	(219,545)	(175,082)
Other receipts	12,502	12,900
	(166,999)	(147,892)
Cash flows from non-capital financing activities:		
Receipts from other funds	201,182	187,805
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	0	(10,000)
Principal payments - capital lease payable	(31,383)	(26,395)
Interest paid	(2,800)	(3,518)
	(34,183)	(39,913)
Net cash provided (used) by capital and related financing activities	(34,183)	(39,913)
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, September 1	200	200
	200	200
Cash and cash equivalents, August 31	\$ 200	\$ 200
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (82,371)	\$ (82,961)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	33,243	33,243
(Increase) decrease in accounts receivable	187	(586)
(Increase) decrease in intergovernmental receivables	(101,817)	(95,209)
(Increase) decrease in prepaid items	(1,087)	(1,308)
(Increase) decrease in pension contributions subsequent to measurement date	3,341	415
Increase (decrease) in accounts payable	(2,471)	6,717
Increase (decrease) in accrued liabilities	(1,213)	346
Increase (decrease) in compensated absences	435	(183)
Increase (decrease) in net pension liability	(21,297)	(26,206)
Increase (decrease) in pension investment return differences	18,817	7,903
Increase (decrease) in pension assumption changes	(5,826)	(632)
Increase (decrease) in pension experience differences	(6,940)	10,569
	(84,628)	(64,931)
Total adjustments	(84,628)	(64,931)
Net cash provided (used) by operating activities	\$ (166,999)	\$ (147,892)

**CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2018 and 2017**

	2018	2017
ASSETS		
Current assets		
Accounts receivable (net)	\$ 26,088	\$ 25,275
Prepaid items	3,084	3,115
Total assets	29,172	28,390
LIABILITIES		
Current liabilities		
Accounts payable	22,687	22,560
Total liabilities	22,687	22,560
NET POSITION		
Unrestricted	6,485	5,830
Total net position	\$ 6,485	\$ 5,830

**CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended August 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for sales and services		
Sanitation charges	\$ 325,345	\$ 313,351
Total operating revenues	<u>325,345</u>	<u>313,351</u>
OPERATING EXPENSES		
Costs of sales and services	273,332	262,759
Personal services	<u>6,896</u>	<u>5,915</u>
Total operating expenses	<u>280,228</u>	<u>268,674</u>
Operating income (loss)	45,117	44,677
Transfers in (out)		
General Fund	<u>(44,462)</u>	<u>(43,894)</u>
Change in net position	655	783
Net position, September 1	<u>5,830</u>	<u>5,047</u>
Net position, August 31	<u><u>\$ 6,485</u></u>	<u><u>\$ 5,830</u></u>

CITY OF TALLAPOOSA, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers	\$ 324,532	\$ 311,819
Payments to suppliers	(273,174)	(262,010)
Payments to employees	(6,896)	(5,915)
	<u>44,462</u>	<u>43,894</u>
Cash flows from non-capital financing activities:		
Payments to other funds	(44,462)	(43,894)
	<u>0</u>	<u>0</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)	\$ 45,117	\$ 44,677
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(813)	(1,532)
(Increase) decrease in prepaid items	31	(1,298)
Increase (decrease) in accounts payable	127	2,047
	<u>(655)</u>	<u>(783)</u>
Total adjustments	<u>(655)</u>	<u>(783)</u>
Net cash provided (used) by operating activities	<u><u>\$ 44,462</u></u>	<u><u>\$ 43,894</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, 2018, 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 5, 2019.

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 have not been 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:

2018-001

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.

2018-001, 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:

2018-002

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.

2018-003

Condition: The City uses pooled cash for its 2010 SPLOST Fund and Water and Sewer Fund. The balance declined during the year to an amount which is less than the portion allocable to the 2010 SPLOST Fund. As a result, the Water and Sewer Fund owes the 2010 SPLOST Fund an amount at year-end.

Criteria: OCGA Code Section 48-8-121 requires that SPLOST proceeds shall not be comingled with other funds of the City.

Effect: Failure to comply with OCGA Code Section 48-8-121 places the City in violation of state law.

Recommendation: The amount due from the Water and Sewer Fund should be deposited into the pooled cash account promptly. Management should review its general ledger accounts on a regular basis to ensure that restricted funds which are included in pooled cash maintain sufficient balances.

Management Response: Management concurs with this finding. The City has recorded an amount Due to SPLOST and intends to make timely reimbursements from the respective fund. This occurred because reimbursements due to the Water and Sewer Fund from the 2015 SPLOST Fund were not made timely. In the future, the City will review its general ledger accounts on a regular basis to ensure that restricted funds which are included in pooled cash maintain sufficient balances. 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.

Rushion & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 5, 2019

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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, 2018

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<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, 2018

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2015 Referendum</u>					
Water and sewer debt	\$ 850,000	\$ 850,000	\$ 430,172	\$ 203,256	\$ 633,428
Police vehicles	150,000	150,000	24,998	33,566	58,564
Public works - vehicles	165,000	165,000	20,263	0	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	0	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><u>\$ 2,037,000</u></u>	<u><u>\$ 2,037,000</u></u>	<u><u>\$ 477,833</u></u>	<u><u>\$ 236,822</u></u>	<u><u>\$ 714,655</u></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
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2018

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2018 Referendum</u>					
Fund crew for ROW maintenance - grass, trees, litter, etc.	\$ 175,000	\$ 175,000	\$ 0	\$ 0	\$ 0
Purchase equipment/material/other labor for ROW/road upkeep/repair	340,730	340,730	0	0	0
Repave Helton Howland drive way and parking lot	45,796	45,796	0	0	0
Repave collector roads:					
West Atlanta Street	124,000	124,000	0	0	0
Arbacochee Road	93,500	93,500	0	0	0
Golf Coarse Road	138,000	138,000	0	0	0
Ivy Pope Road	97,000	97,000	0	0	0
Improvements to West Atlanta Street	255,204	255,204	0	0	0
Improvements to Arbacochee Road	176,288	176,288	0	0	0
Improvements to Golf Course Road	111,506	111,506	0	0	0
Improvements to Ivy Pope Road	127,506	127,506	0	0	0
**Other collector roads with priority for paving:					
Broad Street	352,400	352,400	0	0	0
Stone Mountain Street	570,651	570,651	0	0	0
Cedartown Road	255,000	255,000	0	0	0
Providence Church Road	625,000	625,000	0	0	0
McDonald Road	386,105	386,105	0	0	0
Steadman Road	300,000	300,000	0	0	0
Magnolia Drive	315,000	315,000	0	0	0
Total	<u>\$ 4,488,686</u>	<u>\$ 4,488,686</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**If these specific roads show increased deterioration or if revenue from TSPLOST exceeds estimates or there are remaining funds available after the completion of the above list, these listed roads may replace those previously listed. Amounts listed for these roads include repaving and quality improvement costs.