

CITY OF TALLAPOOSA, GEORGIA

Annual Financial Report

For the fiscal year ended August 31, 2023

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CITY OF TALLAPOOSA, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended August 31, 2023

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Tallapoosa, Georgia's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and the American Rescue Plan Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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 66 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024 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, LLC

Certified Public Accountants

Gainesville, Georgia
February 14, 2024

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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, 2023. 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, 2023

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 three 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 21 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 23 to 27 of this report.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

Fiduciary funds are reported in the fund financial statements only. They are accounted for using the accrual basis of accounting and are presented on pages 28 to 29 of this report.

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 32 to 65 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan. The required supplementary information can be found on pages 66 to 71 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 \$23,863,900. This is a \$932,413 increase from last year's net position of \$22,931,487.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 7,349,408	\$ 7,467,564	\$ 3,502,600	\$ 3,413,909	\$ 10,852,008	\$ 10,881,473
Noncurrent assets	5,325,270	5,054,333	14,450,869	14,657,868	19,776,139	19,712,201
Total assets	12,674,678	12,521,897	17,953,469	18,071,777	30,628,147	30,593,674
Deferred outflows of resources	412,327	71,223	356,097	90,687	768,424	161,910
Current liabilities	1,005,502	1,144,775	589,141	650,494	1,594,643	1,795,269
Noncurrent liabilities	0	0	5,272,949	5,324,996	5,272,949	5,324,996
Total liabilities	1,005,502	1,144,775	5,862,090	5,975,490	6,867,592	7,120,265
Deferred inflows of resources	340,078	401,755	305,001	302,077	645,079	703,832
Net position:						
Net investment in capital assets	5,117,465	4,528,615	8,811,239	8,747,860	13,928,704	13,276,475
Restricted for:						
Law enforcement	143	143	0	0	143	143
Urban development	687,486	686,216	0	0	687,486	686,216
Grant specifications	294	139	0	0	294	139
Capital outlay	2,399,135	2,271,604	0	0	2,399,135	2,271,604
Debt service	0	0	1,167,224	1,155,166	1,167,224	1,155,166
Net pension asset	207,805	0	169,971	0	377,776	0
Unrestricted	3,329,097	3,559,873	1,974,041	1,981,871	5,303,138	5,541,744
Total net position	\$ 11,741,425	\$ 11,046,590	\$ 12,122,475	\$ 11,884,897	\$ 23,863,900	\$ 22,931,487

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 317,150	\$ 261,920	\$ 4,281,836	\$ 4,335,468	\$ 4,598,986	\$ 4,597,388
Operating grants and contributions	56,766	62,160	0	0	56,766	62,160
Capital grants and contributions	1,258,938	1,643,893	546	11,900	1,259,484	1,655,793
General revenues:						
Property taxes	1,558,286	1,156,827	0	0	1,558,286	1,156,827
Sales taxes	800,611	859,389	0	0	800,611	859,389
Insurance premium taxes	266,068	263,338	0	0	266,068	263,338
Other taxes	591,925	560,673	0	0	591,925	560,673
Other	118,488	42,640	73,763	41,230	192,251	83,870
Total revenues	4,968,232	4,850,840	4,356,145	4,388,598	9,324,377	9,239,438
Expenses:						
General government	697,266	556,689			697,266	556,689
Public safety	1,585,366	1,453,620			1,585,366	1,453,620
Public works	661,915	581,138			661,915	581,138
Health and welfare	76,366	59,977			76,366	59,977
Culture and recreation	645,040	516,017			645,040	516,017
Housing and development	8,089	11,644			8,089	11,644
Total	3,674,042	3,179,085				
Water and sewer			2,056,125	1,749,818	2,056,125	1,749,818
Gas			1,515,709	1,375,389	1,515,709	1,375,389
Golf			806,377	763,363	806,377	763,363
Sanitation			339,711	318,951	339,711	318,951
Total			4,717,922	4,207,521		
Total expenses					8,391,964	7,386,606
Change in net position before transfers	1,294,190	1,671,755	(361,777)	181,077	932,413	1,852,832
Transfers	(599,355)	330,297	599,355	(330,297)	0	0
Change in net position	694,835	2,002,052	237,578	(149,220)	932,413	1,852,832
Beginning net position	11,046,590	9,044,538	11,884,897	12,034,117	22,931,487	21,078,655
Ending net position	\$ 11,741,425	\$ 11,046,590	\$ 12,122,475	\$ 11,884,897	\$ 23,863,900	\$ 22,931,487

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

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 \$6,363,326. The total ending fund balances of governmental funds show an increase of \$36,457 over the prior year balance of \$6,326,869.

Major Governmental Funds

The General Fund is the City's primary operating fund. The fund balance of the General Fund decreased from \$3,430,899 to \$3,292,711. The American Rescue Plan fund ended the fiscal year with a fund balance \$294, due to grant proceeds being unearned as of fiscal year-end. The 2021 SPLOST Fund ended the fiscal year with a fund balance of \$1,125,494. The fund balance of the TSPLOST Fund increased from \$26,499 to \$747,590.

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 \$2,935,515. Amendments were made to the budget during the year to increase total budgeted expenditures to \$3,585,427. For the current fiscal year, revenues were under amended budget projections by \$1 and expenditures were over amended budgets by \$1,517.

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2023, the City had \$19,398,363 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 649,428	\$ 649,428	\$ 142,816	\$ 142,816	\$ 792,244	\$ 792,244
Construction in progress	0	0	0	162,749	0	162,749
Buildings and improvements	1,182,280	1,262,119	5,199	237	1,187,479	1,262,356
Equipment and Vehicles	621,421	463,627	277,222	207,276	898,643	670,903
Water/Sewer Distribution	0	0	12,337,178	12,249,157	12,337,178	12,249,157
Gas Distribution	0	0	1,518,483	1,547,457	1,518,483	1,547,457
Infrastructure	2,664,336	2,253,477	0	0	2,664,336	2,253,477
Totals	\$ 5,117,465	\$ 4,628,651	\$ 14,280,898	\$ 14,309,692	\$ 19,398,363	\$ 18,938,343

Debt

The total long-term debt of the City outstanding at August 31, 2023 was \$5,473,899. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems and equipment for golf course operations. Please refer to our analysis below for the breakdown of the City's outstanding debt and to Note 9 to the basic financial statements.

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ 0	\$ 0	\$ 5,473,899	\$ 5,520,859	\$ 5,473,899	\$ 5,520,859

CITY OF TALLAPOOSA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2023

Next Year's Budget

The General Fund budget for the year ending August 31, 2024 reflects expenditures of \$3,293,214. This is an approximate 8.18% decrease from the final budget for the year ended August 31, 2023.

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, 2023

	Primary Government			
	Governmental	Business-type	Total	Component
	Activities	Activities		Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,136,755	\$ 21,863	\$ 6,158,618	\$ 2,307,657
Certificates of deposit	820,101	265,380	1,085,481	668,144
Restricted assets				
Cash and cash equivalents	0	94,110	94,110	0
Certificates of deposit	0	1,216,329	1,216,329	0
Receivables (net)				
Accounts	0	351,688	351,688	0
Intergovernmental	147,723	1,483,335	1,631,058	17,805
Taxes	136,178	0	136,178	0
Other	5	16,461	16,466	0
Inventory	0	23,494	23,494	0
Prepaid items	108,646	29,940	138,586	0
Total current assets	7,349,408	3,502,600	10,852,008	2,993,606
Noncurrent assets				
Net pension asset	207,805	169,971	377,776	0
Capital assets				
Non-depreciable	649,428	142,816	792,244	1,789,198
Depreciable (net)	4,468,037	14,138,082	18,606,119	0
Total noncurrent assets	5,325,270	14,450,869	19,776,139	1,789,198
Total assets	12,674,678	17,953,469	30,628,147	4,782,804
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	412,327	336,097	748,424	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	80,905	194,478	275,383	0
Intergovernmental	17,805	0	17,805	1,446,422
Accrued liabilities	17,944	21,880	39,824	0
Compensated absences	33,239	41,323	74,562	0
Unearned revenue	855,609	0	855,609	0
Notes payable	0	31,888	31,888	0
Liabilities payable from restricted assets				
Customer deposits payable	0	121,945	121,945	0
Accrued interest payable	0	8,565	8,565	0
Notes payable	0	169,062	169,062	0
Total current liabilities	1,005,502	589,141	1,594,643	1,446,422
Noncurrent liabilities				
Notes payable	0	5,272,949	5,272,949	0
Total liabilities	1,005,502	5,862,090	6,867,592	1,446,422

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
August 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	\$ 340,078	\$ 305,001	\$ 645,079	\$ 0
NET POSITION				
Net investment in capital assets	5,117,465	8,811,239	13,928,704	1,789,198
Restricted for:				
Law enforcement	143	0	143	0
Urban development	687,486	0	687,486	0
Grant specifications	294	0	294	0
Capital outlay	2,399,135	0	2,399,135	0
Debt service	0	1,167,224	1,167,224	0
Net pension asset	207,805	169,971	377,776	0
Unrestricted	3,329,097	1,974,041	5,303,138	1,547,184
Total net position	<u>\$ 11,741,425</u>	<u>\$ 12,122,475</u>	<u>\$ 23,863,900</u>	<u>\$ 3,336,382</u>

FUNCTIONS/PROGRAMS	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	\$ 697,266	\$ 18,348	\$ 51,777	\$ 88,955	\$ (538,186)
Public Safety	1,585,366	183,399	4,989	51,094	(1,345,884)
Public Works	661,915	19,618	0	1,045,230	402,933
Health and Welfare	76,366	29,760	0	5,638	(40,968)
Culture and Recreation	645,040	66,025	0	49,091	(529,924)
Housing and Development	8,089	0	0	18,930	10,841
Total governmental activities	3,674,042	317,150	56,766	1,258,938	(2,041,188)
Business-type activities					
Water and Sewer	2,056,125	1,740,923	0	546	(314,656)
Gas	1,515,709	1,521,277	0	0	5,568
Golf	806,377	635,110	0	0	(171,267)
Sanitation	339,711	384,526	0	0	44,815
Total business-type activities	4,717,922	4,281,836	0	546	(435,540)
Total primary government	8,391,964	4,598,986	56,766	1,259,484	(2,476,728)
Component Units					
Tallapoosa Development Authority	5	0	0	0	(5)
Tallapoosa Recreation Authority	1,782	0	0	0	(1,782)
Downtown Development Authority	2,054	0	5,050	0	2,996
Total component units	3,841	0	5,050	0	1,209

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Change in net position				
Net (expense) revenue	\$ (2,041,188)	\$ (435,540)	\$ (2,476,728)	\$ 1,209
General revenues				
Taxes				
Property	1,558,286	0	1,558,286	0
Sales	800,611	0	800,611	0
Hotel/Motel	20,222	0	20,222	0
Insurance premium	266,068	0	266,068	0
Franchise	410,345	0	410,345	0
Other	161,358	0	161,358	0
Interest and investment earnings	33,599	17,078	50,677	994
Miscellaneous	84,889	56,685	141,574	0
Transfers	(599,355)	599,355	0	0
Total general revenues and transfers	2,736,023	673,118	3,409,141	994
Change in net position	694,835	237,578	932,413	2,203
Net position - beginning	11,046,590	11,884,897	22,931,487	3,334,179
Net position - ending	\$ 11,741,425	\$ 12,122,475	\$ 23,863,900	\$ 3,336,382

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CITY OF TALLAPOOSA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2023

	<u>General</u>	<u>American Rescue Plan</u>	<u>2021 SPLOST</u>
ASSETS			
Cash and cash equivalents	\$ 3,042,211	\$ 855,903	\$ 1,142,315
Certificates of deposit	145,595	0	0
Receivables (net)			
Intergovernmental	10,152	0	96,879
Taxes	134,794	0	0
Other	5	0	0
Due from other funds	830	0	0
Advances to other funds	92,805	0	0
Prepaid items	66,646	0	42,000
Total assets	<u><u>\$ 3,493,038</u></u>	<u><u>\$ 855,903</u></u>	<u><u>\$ 1,281,194</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 80,351	\$ 0	\$ 0
Intergovernmental payables	17,805	0	0
Accrued liabilities	17,944	0	0
Due to other funds	70,408	0	155,700
Advances from other funds	0	0	0
Unearned revenue	0	855,609	0
Total liabilities	<u>186,508</u>	<u>855,609</u>	<u>155,700</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	<u>13,819</u>	<u>0</u>	<u>0</u>
Fund balances			
Nonspendable:			
Advances to other funds	92,805	0	0
Prepaid items	66,646	0	42,000
Restricted for:			
Law enforcement	0	0	0
Urban development	0	0	0
Grant specifications	0	294	0
Capital outlay	71,669	0	1,083,494
Committed for:			
Museum operations	0	0	0
Community planning	0	0	0
Unassigned	3,061,591	0	0
Total fund balances	<u>3,292,711</u>	<u>294</u>	<u>1,125,494</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 3,493,038</u></u>	<u><u>\$ 855,903</u></u>	<u><u>\$ 1,281,194</u></u>

TSPLOST	Nonmajor Governmental Funds	Totals
\$ 636,490	\$ 459,836	\$ 6,136,755
0	674,506	820,101
40,692	0	147,723
0	1,384	136,178
0	0	5
70,408	155,700	226,938
0	0	92,805
0	0	108,646
<u>\$ 747,590</u>	<u>\$ 1,291,426</u>	<u>\$ 7,669,151</u>

\$ 0	\$ 554	\$ 80,905
0	0	17,805
0	0	17,944
0	830	226,938
0	92,805	92,805
0	0	855,609
0	94,189	1,292,006

0	0	13,819
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0	0	92,805
0	0	108,646

0	143	143
0	687,486	687,486
0	0	294
747,590	496,382	2,399,135

0	11,782	11,782
0	1,444	1,444
0	0	3,061,591

<u>747,590</u>	<u>1,197,237</u>	<u>6,363,326</u>
<u>\$ 747,590</u>	<u>\$ 1,291,426</u>	<u>\$ 7,669,151</u>

CITY OF TALLAPOOSA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
August 31, 2023

Total fund balance - total governmental funds **\$ 6,363,326**

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:

Net pension asset 207,805

Capital assets	\$ 9,772,656	
Accumulated depreciation	<u>(4,655,191)</u>	5,117,465

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. 13,819

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	\$ 412,327	
Deferred inflows of resources - pension	<u>(340,078)</u>	72,249

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

These are:

Compensated absences (33,239)

Net position of the governmental activities \$ 11,741,425

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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, 2023

	General	American Rescue Plan	2021 SPLOST
REVENUES			
Taxes	\$ 3,206,211	\$ 0	\$ 0
Licenses and permits	31,868	0	0
Fines, fees and forfeitures	170,144	0	0
Charges for services	94,105	0	0
Intergovernmental	192,366	18,776	569,240
Interest	32,132	155	4,176
Contributions	51,628	0	0
Other	84,887	0	0
Total revenues	<u>3,863,341</u>	<u>18,931</u>	<u>573,416</u>
EXPENDITURES			
Current			
General Government	713,573	0	0
Public Safety	1,613,604	8,721	0
Public Works	543,503	0	0
Health and Welfare	76,366	0	0
Culture and Recreation	639,898	55	0
Housing and Development	0	0	0
Capital Outlay	0	0	131,104
Total expenditures	<u>3,586,944</u>	<u>8,776</u>	<u>131,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>276,397</u>	<u>10,155</u>	<u>442,312</u>
Other financing sources (uses)			
Transfers in	128,047	0	0
Transfers out	<u>(542,632)</u>	<u>(10,000)</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>(414,585)</u>	<u>(10,000)</u>	<u>(70,000)</u>
Net change in fund balances	(138,188)	155	372,312
Fund balances, September 1	<u>3,430,899</u>	<u>139</u>	<u>753,182</u>
Fund balances, August 31	<u><u>\$ 3,292,711</u></u>	<u><u>\$ 294</u></u>	<u><u>\$ 1,125,494</u></u>

TSPLOST	Nonmajor Governmental	
	Funds	Totals
\$ 0	\$ 20,222	\$ 3,226,433
0	0	31,868
0	0	170,144
0	7,132	101,237
486,651	0	1,267,033
3,691	3,290	43,444
0	1,100	52,728
0	0	84,887
<u>490,342</u>	<u>31,744</u>	<u>4,977,774</u>
0	0	713,573
0	1,100	1,623,425
0	0	543,503
0	0	76,366
0	2,224	642,177
0	8,089	8,089
<u>534,251</u>	<u>69,474</u>	<u>734,829</u>
<u>534,251</u>	<u>80,887</u>	<u>4,341,962</u>
<u>(43,909)</u>	<u>(49,143)</u>	<u>635,812</u>
70,408	0	198,455
<u>0</u>	<u>(175,178)</u>	<u>(797,810)</u>
<u>70,408</u>	<u>(175,178)</u>	<u>(599,355)</u>
26,499	(224,321)	36,457
<u>721,091</u>	<u>1,421,558</u>	<u>6,326,869</u>
<u>\$ 747,590</u>	<u>\$ 1,197,237</u>	<u>\$ 6,363,326</u>

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, 2023

Net change in fund balances - total governmental funds **\$ 36,457**

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	\$ 831,390	
Depreciation	<u>(342,576)</u>	488,814

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. (9,540)

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	\$ 47,385	
Cost of benefits earned net of employee contributions	<u>137,519</u>	184,904

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. (5,800)

Change in net position of governmental activities	<u>\$ 694,835</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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 2,783,955	\$ 3,206,211	\$ 3,206,211	\$ 0
Licenses and permits	19,619	31,868	31,868	0
Fines, fees and forfeitures	145,230	170,144	170,144	0
Charges for services	56,277	94,105	94,105	0
Intergovernmental	246,248	192,366	192,366	0
Interest	51	32,132	32,132	0
Contributions	32,535	51,628	51,628	0
Other	22,547	84,888	84,887	(1)
Total revenues	3,306,462	3,863,342	3,863,341	(1)
EXPENDITURES				
Current				
General Government				
Administration	428,409	621,958	622,338	(380)
Mayor and Council	84,896	70,869	70,870	(1)
Other General Government	15,958	20,365	20,365	0
Public Safety				
Police Department	1,182,376	1,346,716	1,347,536	(820)
Fire Department	255,424	266,068	266,068	0
Public Works				
Highways and Streets	412,147	531,912	532,101	(189)
Cemetery	15,873	11,402	11,402	0
Health and Welfare				
Senior Center	63,240	76,365	76,366	(1)
Culture and Recreation				
Recreation	263,892	385,554	385,617	(63)
Museum	66,094	81,034	81,033	1
Library	147,206	173,184	173,248	(64)
Total expenditures	2,935,515	3,585,427	3,586,944	(1,517)
Excess (deficiency) of revenues over (under) expenditures	370,947	277,915	276,397	(1,518)
Other financing sources (uses)				
Transfers in	17,717	128,047	128,047	0
Transfers out	0	(542,632)	(542,632)	0
Total other financing sources (uses)	17,717	(414,585)	(414,585)	0
Net change in fund balance	388,664	(136,670)	(138,188)	(1,518)
Fund balances, September 1	(388,664)	136,670	3,430,899	3,294,229
Fund balances, August 31	\$ 0	\$ 0	\$ 3,292,711	\$ 3,292,711

CITY OF TALLAPOOSA, GEORGIA
AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 18,776	\$ 18,776
Interest	0	156	155	(1)
Total revenues	0	156	18,931	18,775
EXPENDITURES				
Current				
Public Safety	0	8,721	8,721	0
Culture and Recreation	0	55	55	0
Total expenditures	0	8,776	8,776	0
Excess (deficiency) of revenues over (under) expenditures	0	(8,620)	10,155	18,775
Other financing sources (uses)				
Transfers out	0	(10,000)	(10,000)	0
Net change in fund balance	0	(18,620)	155	18,775
Fund balances, September 1	0	18,620	139	(18,481)
Fund balances, August 31	\$ 0	\$ 0	\$ 294	\$ 294

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2023

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 0	\$ 21,663	\$ 200	\$ 0	\$ 21,863
Certificates of deposit	0	265,380	0	0	265,380
Restricted assets					
Cash and cash equivalents	87,626	6,484	0	0	94,110
Certificates of deposit	1,173,198	43,131	0	0	1,216,329
Receivables					
Accounts receivable (net)	217,448	81,918	11,978	40,344	351,688
Intergovernmental receivables	36,913	0	1,446,422	0	1,483,335
Other	0	16,461	0	0	16,461
Inventory	5,000	18,494	0	0	23,494
Prepaid items	12,333	6,883	6,887	3,837	29,940
Total current assets	1,532,518	460,414	1,465,487	44,181	3,502,600
Noncurrent assets					
Net pension asset	66,651	83,910	19,410	0	169,971
Capital assets					
Non-depreciable	0	0	142,816	0	142,816
Depreciable (net)	12,437,691	1,518,488	181,903	0	14,138,082
Total noncurrent assets	12,504,342	1,602,398	344,129	0	14,450,869
Total assets	14,036,860	2,062,812	1,809,616	44,181	17,953,469
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension	138,750	160,275	37,072	0	336,097
LIABILITIES					
Current liabilities					
Accounts payable	114,569	42,017	9,937	27,955	194,478
Accrued liabilities	5,293	6,538	10,049	0	21,880
Compensated absences	17,357	22,306	1,660	0	41,323
Notes payable	0	0	31,888	0	31,888
Liabilities payable from restricted assets					
Customer deposits payable	72,330	49,615	0	0	121,945
Accrued interest payable	8,565	0	0	0	8,565
Notes payable	169,062	0	0	0	169,062
Total current liabilities	387,176	120,476	53,534	27,955	589,141
Noncurrent liabilities					
Notes payable	5,272,949	0	0	0	5,272,949
Total liabilities	5,660,125	120,476	53,534	27,955	5,862,090

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2023

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	\$ 109,074	\$ 149,301	\$ 46,626	\$ 0	\$ 305,001
NET POSITION					
Net investment in capital assets	6,999,920	1,518,488	292,831	0	8,811,239
Restricted for debt service	1,167,224	0	0	0	1,167,224
Restricted for net pension asset	66,651	83,910	19,410	0	169,971
Unrestricted	172,616	350,912	1,434,287	16,226	1,974,041
Total net position	\$ 8,406,411	\$ 1,953,310	\$ 1,746,528	\$ 16,226	\$ 12,122,475

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2023

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
OPERATING REVENUES					
Charges for sales and services	\$ 1,740,923	\$ 1,521,277	\$ 635,110	\$ 384,526	\$ 4,281,836
Other	16,629	25,381	14,675	0	56,685
Total operating revenues	1,757,552	1,546,658	649,785	384,526	4,338,521
OPERATING EXPENSES					
Costs of sales and services	1,223,269	1,052,312	345,393	339,711	2,960,685
Personal services	444,088	425,476	390,391	0	1,259,955
Depreciation	279,829	37,921	69,046	0	386,796
Total operating expenses	1,947,186	1,515,709	804,830	339,711	4,607,436
Operating income (loss)	(189,634)	30,949	(155,045)	44,815	(268,915)
Non-operating revenues (expenses)					
Intergovernmental revenue	546	0	0	0	546
Interest revenue	11,900	5,178	0	0	17,078
Interest expense	(103,254)	0	(1,547)	0	(104,801)
Loss on disposition of capital assets	(5,685)	0	0	0	(5,685)
Total non-operating revenues (expenses)	(96,493)	5,178	(1,547)	0	(92,862)
Net income (loss) before transfers	(286,127)	36,127	(156,592)	44,815	(361,777)
Transfers in (out)					
Transfers in	306,049	0	399,220	0	705,269
Transfers out	0	(69,682)	0	(36,232)	(105,914)
Total transfers in (out)	306,049	(69,682)	399,220	(36,232)	599,355
Change in net position	19,922	(33,555)	242,628	8,583	237,578
Net position, September 1	8,386,489	1,986,865	1,503,900	7,643	11,884,897
Net position, August 31	\$ 8,406,411	\$ 1,953,310	\$ 1,746,528	\$ 16,226	\$ 12,122,475

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2023

	Business-Type Activities				Totals
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	
Cash flows from operating activities:					
Receipts from customers	\$ 1,772,116	\$ 1,593,769	\$ 433,414	\$ 372,237	\$ 4,171,536
Payments to suppliers	(1,223,733)	(1,100,094)	(357,417)	(336,005)	(3,017,249)
Payments to employees	(487,700)	(449,374)	(381,834)	0	(1,318,908)
Other receipts	16,629	25,381	14,675	0	56,685
Net cash provided (used) by operating activities	77,312	69,682	(291,162)	36,232	(107,936)
Cash flows from non-capital financing activities:					
Receipts from other funds	73,004	0	399,220	0	472,224
Payments to other funds	0	(69,682)	0	(36,232)	(105,914)
Net cash provided (used) by non-capital financing activities	73,004	(69,682)	399,220	(36,232)	366,310
Cash flows from capital and related financing activities:					
Receipts from other funds	233,045	0	0	0	233,045
Receipts from other governments	63,749	0	0	0	63,749
Payments for acquisitions of capital assets	(244,560)	0	(74,274)	0	(318,834)
Payment of capital related accounts payable	(46,417)	0	0	0	(46,417)
Payment of retainage payable	(7,261)	0	0	0	(7,261)
Proceeds from promissory notes	117,673	0	0	0	117,673
Principal payments - promissory notes	(163,547)	0	(32,237)	0	(195,784)
Interest paid	(103,491)	0	(1,547)	0	(105,038)
Net cash provided (used) by capital and related financing activities	(150,809)	0	(108,058)	0	(258,867)
Cash flows from investing activities:					
Purchases of certificates of deposit	(11,893)	(5,078)	0	0	(16,971)
Interest received	11,900	5,178	0	0	17,078
Net cash provided (used) by investing activities	7	100	0	0	107
Net increase (decrease) in cash and cash equivalents	(486)	100	0	0	(386)
Cash and cash equivalents, September 1	88,112	28,047	200	0	116,359
Cash and cash equivalents, August 31	\$ 87,626	\$ 28,147	\$ 200	\$ 0	\$ 115,973

CITY OF TALLAPOOSA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2023

	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)	\$ (189,634)	\$ 30,949	\$ (155,045)	\$ 44,815	\$ (268,915)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	279,829	37,921	69,046	0	386,796
(Increase) decrease in accounts receivable	31,607	73,042	(1,395)	(12,289)	90,965
(Increase) decrease in intergovernmental receivables	0		(200,301)	0	(200,301)
(Increase) decrease in other receivable	0	(16,461)	0	0	(16,461)
(Increase) decrease in inventory	0	(6,222)	0	0	(6,222)
(Increase) decrease in prepaid items	11,103	9,571	4,805	2,382	27,861
(Increase) decrease in net pension asset	69,880	87,976	20,349	0	178,205
(Increase) decrease in deferred outflows of resources - pension	(106,763)	(114,724)	(23,923)	0	(245,410)
Increase (decrease) in accounts payable	(13,537)	(36,372)	(17,792)	1,324	(66,377)
Increase (decrease) in accrued liabilities	1,970	1,702	963	0	4,635
Increase (decrease) in customer deposits payable	(414)	(550)	0	0	(964)
Increase (decrease) in compensated absences	2,651	2,677	0	0	5,328
Increase (decrease) in deferred inflows of resources - pension	(9,380)	173	12,131	0	2,924
Total adjustments	266,946	38,733	(136,117)	(8,583)	160,979
Net cash provided (used) by operating activities	\$ 77,312	\$ 69,682	\$ (291,162)	\$ 36,232	\$ (107,936)
Cash and cash equivalents reconciliation:					
Cash and cash equivalents	\$ 0	\$ 21,663	\$ 200	\$ 0	\$ 21,863
Restricted assets					
Cash and cash equivalents	87,626	6,484	0	0	94,110
Total cash and cash equivalents	\$ 87,626	\$ 28,147	\$ 200	\$ 0	\$ 115,973

Noncash investing, capital, and financing activities:

Acquisition of capital assets through capital-related accounts payable totaled \$44,853.

Increase in notes payable through intergovernmental receivable totaled \$31,151.

**CITY OF TALLAPOOSA GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2023**

ASSETS

Cash and cash equivalents	\$ 6,300
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LIABILITIES

Due to others	6,300
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NET POSITION

Restricted for individuals, organizations, and other governments	\$ 0
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CITY OF TALLAPOOSA, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended August 31, 2023

ADDITIONS

Fines and forfeitures collected for other governments	\$ 50,671
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DEDUCTIONS

Distributions of fines and forfeitures to other governments	50,671
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Change in net position	0
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Net position, September 1	0
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Net position, August 31	\$ 0
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CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
August 31, 2023

	Tallapoosa Development Authority	Tallapoosa Recreation Authority	Downtown Development Authority	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 737,592	\$ 1,550,328	\$ 19,737	\$ 2,307,657
Certificates of deposit	668,144	0	0	668,144
Intergovernmental receivables	17,805	0	0	17,805
Total current assets	1,423,541	1,550,328	19,737	2,993,606
Noncurrent assets				
Capital assets				
Non-depreciable	44,848	1,733,846	10,504	1,789,198
Total assets	1,468,389	3,284,174	30,241	4,782,804
LIABILITIES				
Current liabilities				
Intergovernmental payables	0	1,446,422	0	1,446,422
NET POSITION				
Investment in capital assets	44,848	1,733,846	10,504	1,789,198
Unrestricted	1,423,541	103,906	19,737	1,547,184
Total net position	\$ 1,468,389	\$ 1,837,752	\$ 30,241	\$ 3,336,382

CITY OF TALLAPOOSA, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended August 31, 2023

	Tallapoosa Development Authority	Tallapoosa Recreational Authority	Downtown Development Authority	Totals
Expenses				
Housing and Development	\$ 5	\$ 1,782	\$ 2,054	\$ 3,841
Total expenses	<u>5</u>	<u>1,782</u>	<u>2,054</u>	<u>3,841</u>
Program revenues				
Operating grants and contributions	<u>0</u>	<u>0</u>	<u>5,050</u>	<u>5,050</u>
Total program revenues	<u>0</u>	<u>0</u>	<u>5,050</u>	<u>5,050</u>
Net (expense) revenue	(5)	(1,782)	2,996	1,209
General revenues				
Interest and investment earnings	<u>612</u>	<u>302</u>	<u>80</u>	<u>994</u>
Change in net position	607	(1,480)	3,076	2,203
Net position, September 1	<u>1,467,782</u>	<u>1,839,232</u>	<u>27,165</u>	<u>3,334,179</u>
Net position, August 31	<u><u>\$ 1,468,389</u></u>	<u><u>\$ 1,837,752</u></u>	<u><u>\$ 30,241</u></u>	<u><u>\$ 3,336,382</u></u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

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, 2023

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, 2023

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, 2023

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.

American Rescue Plan Fund – Accounts for revenues and expenditures of the American Rescue Plan Coronavirus State and Local Fiscal Recovery Fund.

2021 SPLOST Fund – Accounts for long-term projects financed by the passage of the Haralson County, Georgia 2021 special purpose local option sales tax.

TSPLOST Fund – Accounts for long-term projects financed by the passage of the Haralson County, Georgia 2017 and 2022 transportation 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.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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

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.

Fiduciary Fund Types

Custodial Funds – Custodial Funds are fiduciary in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others. They City has a custodial fund to account for the activity of the Municipal Court.

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.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

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.

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

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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.

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 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, 2023

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, 2023

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 the current fiscal year 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, 2023

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	5 to 100
Gas distribution system	6 to 75
Buildings and improvements	10 to 40
Vehicles, machinery, and equipment	5 to 20
Infrastructure	15 to 40

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, 2023

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plan.

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 assets 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 plan.

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, 2023

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, 2023

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, 2023

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, 2023

2. Summary of Significant Accounting Policies (continued)

U. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

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

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

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

4. Accounts Receivable

Net accounts receivable at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

Enterprise funds

Water and Sewer Fund	\$ 224,828	
Less: Allowance for Uncollectibles	(7,380)	
Gas Fund	84,698	
Less: Allowance for Uncollectibles	(2,780)	
Golf Fund	11,978	\$ 311,344

Nonmajor Enterprise Funds

Sanitation Fund	42,467	
Less: Allowance for Uncollectibles	(2,123)	40,344

Total primary government		<u>\$ 351,688</u>
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5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Primary Government:

Major Funds

Governmental Funds

General Fund	\$ 10,152	
2021 SPLOST Capital Projects Fund	96,879	
TSPLOST Capital Projects Fund	40,692	147,723

Enterprise Funds

Water and Sewer Fund	\$ 36,913	
Golf Fund	1,446,422	1,483,335

Total primary government		<u>\$ 1,631,058</u>
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Component Units:

Tallapoosa Development Authority		<u>\$ 17,805</u>
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CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

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 2022, based upon the assessments of January 1, 2022, were levied on August 29, 2022, billed on October 17, 2022, and due on December 31, 2022.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 93,635
TSPLOST	General	70,408
Nonmajor Governmental	2021 SPLOST	155,700
		<u>\$ 319,743</u>

Interfund balances at the end of the current fiscal year 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 the nonmajor UDAG Fund 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".

The interfund receivable in the Nonmajor 2015 SPLOST fund is relative to vehicle purchases that were allowable under both the Nonmajor 2015 SPLOST and the 2021 SPLOST referendums. These amounts will be moved in subsequent periods.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

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

A summary of interfund transfers for the current fiscal year is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Golf	\$ 399,220
	TSPLOST	70,408
	Water and Sewer	73,004
American Rescue Plan	General	10,000
2021 SPLOST	Water and Sewer	70,000
Nonmajor Governmental	General	12,133
	Water and Sewer	163,045
Gas	General	69,682
Nonmajor Enterprise	General	<u>36,232</u>
		<u>\$ 903,724</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, 2023

8. Capital Assets

Capital asset activity for the primary government for the current fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 649,428	\$ 0	\$ 0	\$ 649,428
Depreciable assets				
Buildings and improvements	3,080,635	7,500	0	3,088,135
Machinery and equipment	1,199,958	325,798	0	1,525,756
Vehicles	947,035	0	0	947,035
Infrastructure	3,064,210	498,092	0	3,562,302
Total depreciable assets	8,291,838	831,390	0	9,123,228
Accumulated depreciation				
Buildings and improvements	(1,818,516)	(87,339)	0	(1,905,855)
Machinery and equipment	(938,857)	(148,501)	0	(1,087,358)
Vehicles	(744,509)	(19,503)	0	(764,012)
Infrastructure	(810,733)	(87,233)	0	(897,966)
Total accumulated depreciation	(4,312,615)	(342,576)	0	(4,655,191)
Total depreciable assets, net	3,979,223	488,814	0	4,468,037
Governmental activities capital assets, net	<u>\$ 4,628,651</u>	<u>\$ 488,814</u>	<u>\$ 0</u>	<u>\$ 5,117,465</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 142,816	\$ 0	\$ 0	\$ 142,816
Construction in progress	162,749	175,344	(338,093)	0
Total non-depreciable assets	305,565	175,344	(338,093)	142,816
Depreciable assets				
Land improvements	15,656	6,894	0	22,550
Water and sewer distribution system	16,841,985	338,094	0	17,180,079
Gas distribution system	2,267,162	0	0	2,267,162
Buildings	205,008	0	0	205,008
Vehicles, machinery and equipment	1,055,369	181,448	(156,118)	1,080,699
Total depreciable assets	20,385,180	526,436	(156,118)	20,755,498
Accumulated depreciation				
Land improvements	(15,656)	(1,439)	0	(17,095)
Water and sewer distribution system	(4,592,828)	(250,073)	0	(4,842,901)
Gas distribution system	(719,705)	(28,974)	0	(748,679)
Buildings	(204,771)	(493)	0	(205,264)
Vehicles, machinery and equipment	(848,093)	(105,817)	150,433	(803,477)
Total accumulated depreciation	(6,381,053)	(386,796)	150,433	(6,617,416)
Total depreciable assets, net	14,004,127	139,640	(5,685)	14,138,082
Business-type activities capital assets, net	<u>\$ 14,309,692</u>	<u>\$ 314,984</u>	<u>\$ (343,778)</u>	<u>\$ 14,280,898</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

8. Capital Assets (continued)

Capital asset activity for the component units for the current fiscal year 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 Recreational Authority				
Nondepreciable assets				
Land	\$ 1,733,846	\$ 0	\$ 0	\$ 1,733,846
Tallapoosa Downtown Development Authority				
Nondepreciable assets				
Land	\$ 10,504	\$ 0	\$ 0	\$ 10,504

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 44,042
Public Safety	118,709
Public Works	125,383
Culture and Recreation	54,442
Total depreciation expense for governmental activities	<u>\$ 342,576</u>

Business-type activities

Water and Sewer	\$ 279,829
Gas	37,921
Golf	69,046
Total depreciation expense for business-type activities	<u>\$ 386,796</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

9. Long-Term Liabilities

Notes from Direct Borrowings

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 – 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 Notes Payable – Water and Sewer Fund – DW14-009: The original amount of the loan was \$988,452 with a 1.4% interest rate.

Georgia Environmental Facilities Authority Note Payable – Water and Sewer Fund – CWSRF-13-011: The modified amount of the loan is \$3,730,000 of which \$3,548,095 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.

Wells Fargo Note Payable – Golf Fund: The original amount of the loan was \$21,252 with a 3.6% interest rate.

De Lage Landen Public Finance Note Payable – Golf Fund: The original amount of the loan was \$139,149 with a 3.1% interest rate.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

9. Long-Term Liabilities (continued)

Notes from Direct Borrowings, continued

Annual debt service requirements for notes from direct borrowings are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2024	\$ 200,950	\$ 50,684	\$ 251,634
2025	174,790	44,515	219,305
2026	180,740	38,565	219,305
2027	186,921	32,384	219,305
2028	193,343	25,962	219,305
2029-2033	602,042	55,099	657,141
2034-2038	276,030	16,422	292,452
2039-2040	110,988	1,533	112,521
Totals	\$ 1,925,804	\$ 265,164	\$ 2,190,968

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 27,439	\$ 33,239	\$ 27,439	\$ 33,239	\$ 33,239
Business-type Activities					
Notes from direct borrowings	\$ 5,520,859	\$ 148,824	\$ 195,784	\$ 5,473,899	\$ 200,950
Compensated absences	35,995	41,323	35,995	41,323	41,323
Total Business-type Activities	\$ 5,556,854	\$ 190,147	\$ 231,779	\$ 5,515,222	\$ 242,273

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 current fiscal year was \$104,801.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

10. 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.

In November 2018, the Tallapoosa Development Authority adopted a bond resolution authorizing the issuance of \$55,000,000 of taxable revenue bonds, Series 2018. 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.

In November 2019, the Tallapoosa Development Authority adopted a bond resolution authorizing the issuance of \$77,100,835 of taxable revenue bonds, Series 2019A and \$160,000,000 of taxable revenue bonds, Series 2019B. The projects are referred to as Honda Precision Parts of Georgia, LLC Projects. The Series 2019A bonds are issued to refinance the portions of the Series 2014 Bond and the Series 2018 Bond allocable to the leased land and buildings and to finance certain improvements to the buildings. The Series 2019B bonds are issued to finance equipment. 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

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

10. Conduit Debt (continued)

Tallapoosa Development Authority

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.

Conduit debt outstanding at August 31, 2023 totaled \$237,100,835.

11. Restricted and Committed Fund Balances

The following is a summary of restricted and committed fund balances of the governmental funds at the end of the current fiscal year:

	General	American Rescue Plan	2021 SPLOST	TSPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:						
Law enforcement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143	\$ 143
Urban development	0	0	0	0	687,486	687,486
Grant specifications	0	294	0	0	0	294
Capital outlay	71,669	0	1,083,494	747,590	496,382	2,399,135
	<u>\$ 71,669</u>	<u>\$ 294</u>	<u>\$ 1,083,494</u>	<u>\$ 747,590</u>	<u>\$ 1,184,011</u>	<u>\$ 3,087,058</u>
Committed for:						
Museum operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,782	\$ 11,782
Community planning	0	0	0	0	1,444	1,444
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,226</u>	<u>\$ 13,226</u>

12. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 9,772,656	\$ 20,898,314
Accumulated depreciation	(4,655,191)	(6,617,416)
Book value	5,117,465	14,280,898
Capital-related accounts payable	0	(44,853)
Notes payable	0	(5,473,899)
Unspent note proceeds	0	49,093
Net investment in capital assets	<u>\$ 5,117,465</u>	<u>\$ 8,811,239</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Pension Plan

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System, 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.

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, 2023, the date of the most recent actuarial valuation, there were 81 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	22
Terminated vested participants entitled to but not yet receiving benefits	24
Active participants	35
Total number of participants	<u>81</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Pension Plan (continued)

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 current fiscal year was \$76,428, or 4.29% of covered payroll.

Pension Assets/Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension asset of \$377,776. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the City recognized pension expense of (\$172,755). For the governmental activities, the net pension liability is liquidated by the General Fund.

At the end of the current fiscal year, 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	\$ 16,250	\$ (618,236)
Changes of assumptions	0	
Net difference between projected and actual earnings on pension plan investments	635,271	0
Changes in participant fund allocation	26,843	(26,843)
City contributions subsequent to the measurement date	70,060	0
Totals	<u>\$ 748,424</u>	<u>\$ (645,079)</u>

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Pension Plan (continued)

The \$70,060 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 subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending August 31	
2024	(154,687)
2025	(213,420)
2026	116,712
2027	284,680
Totals	<u>\$ 33,285</u>

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	2.00%
Net investment rate of return	7.375%

Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Active participant mortality rates were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Pension Plan (continued)

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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 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, 2023

13. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	\$ 5,292,500	\$ 6,066,358	\$ (773,858)
Changes for the year:			
Service cost	45,654	0	45,654
Interest	386,189	0	386,189
Differences between expected and actual experience	(927,354)	0	(927,354)
Contributions—employer	0	102,106	(102,106)
Net investment income	0	(980,235)	980,235
Benefit payments, including refunds of employee contributions	(203,378)	(203,378)	0
Administrative expense	0	(13,464)	13,464
Other	0	0	0
Net changes	(698,889)	(1,094,971)	396,082
Balances at September 30, 2022	\$ 4,593,611	\$ 4,971,387	\$ (377,776)

Plan fiduciary net position as a percentage of the total pension liability	108.22%
Covered payroll	\$ 1,629,430
Net pension liability as a percentage of covered payroll	-23.18%

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 (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.375%	\$ 118,623
Current discount rate	7.375%	(377,776)
1% increase	8.375%	(798,977)

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. Further information regarding this plan can be obtained from the plan's annual report. This plan is immaterial to the financial statements.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. 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 current fiscal year follows:

Lodging tax receipts	\$ 20,222	
Disbursements and transfers	\$ 8,089	40% of tax receipts

15. 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 \$162,277 under this program through the Tallapoosa Development Authority.

16. 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 the current fiscal year, the city paid \$3,281 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, 2023

16. 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.

17. 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 \$13,900 for the current fiscal year.

18. 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, 2023

18. Risk Management (continued)

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

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

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

18. 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.

19. Contingencies

The City is a defendant in a lawsuit. Management intends to contest the open case vigorously. The City's legal counsel has stated that the outcome of the lawsuit is not presently determinable.

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.

20. Transportation Expenditures

Amounts expended on transportation include transportation maintenance and operation costs and correspond with classifications and subclassifications specified in the local government uniform chart of accounts under subsection (e) of Code Section 36-81-3 within section 4200, including noncapital expenditures within sections 4210-4290.

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

20. Transportation Expenditures (continued)

Total general fund expenditures within these categories totaled \$532,101 for the current fiscal year.

21. New Accounting Pronouncements

The City implemented GASB Statement No. 91, *Conduit Debt*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2021. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 99, *Omnibus 2022*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

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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, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 45,654	\$ 45,723	\$ 47,722	\$ 53,965
Interest	386,189	367,676	354,844	354,321
Differences between expected and actual experience	(927,354)	48,751	3,721	12,806
Changes of assumptions	0	0	0	(90,603)
Benefit payments, including refunds of employee contributions	(203,378)	(218,729)	(241,853)	(232,307)
Other	0	0	0	0
Net change in total pension liability	(698,889)	243,421	164,434	98,182
Total pension liability - beginning	5,292,500	5,049,079	4,884,645	4,786,463
Total pension liability - ending (a)	\$ 4,593,611	\$ 5,292,500	\$ 5,049,079	\$ 4,884,645
Plan fiduciary net position				
Contributions - employer	\$ 102,106	\$ 103,690	\$ 90,289	\$ 105,173
Net investment income	(980,235)	1,203,242	446,384	135,940
Benefit payments, including refunds of employee contributions	(203,378)	(218,729)	(241,853)	(232,307)
Administrative expense	(13,464)	(13,652)	(13,566)	(13,134)
Net change in plan fiduciary net position	(1,094,971)	1,074,551	281,254	(4,328)
Plan fiduciary net position - beginning	6,066,358	4,991,807	4,710,553	4,714,881
Plan fiduciary net position - ending (b)	\$ 4,971,387	\$ 6,066,358	\$ 4,991,807	\$ 4,710,553
Net pension liability (asset) - ending : (a) - (b)	\$ (377,776)	\$ (773,858)	\$ 57,272	\$ 174,092
Plan's fiduciary net position as a percentage of the total pension liability	108.22%	114.62%	98.87%	96.44%
Covered payroll	\$ 1,629,430	\$ 1,427,248	\$ 1,418,378	\$ 1,438,720
Net pension liability as a percentage of covered payroll	-23.18%	-54.22%	4.04%	12.10%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior are not reported.

Fiscal Year End				
2019	2018	2017	2016	2015
\$ 44,684	\$ 45,446	\$ 49,861	\$ 49,101	\$ 55,570
347,257	337,085	342,267	326,813	324,513
(76,694)	(5,738)	(250,378)	24,528	(121,811)
0	81,613	0	0	(38,829)
(228,399)	(216,556)	(200,672)	(201,388)	(178,144)
0	0	0	0	0
86,848	241,850	(58,922)	199,054	41,299
4,699,615	4,457,765	4,516,687	4,317,633	4,276,334
<u>\$ 4,786,463</u>	<u>\$ 4,699,615</u>	<u>\$ 4,457,765</u>	<u>\$ 4,516,687</u>	<u>\$ 4,317,633</u>
\$ 105,217	\$ 145,536	\$ 155,578	\$ 200,375	\$ 257,851
433,491	585,096	396,794	40,135	358,931
(228,399)	(216,556)	(200,672)	(201,388)	(178,144)
(13,788)	(14,933)	(8,361)	(9,684)	(7,513)
296,521	499,143	343,339	29,438	431,125
4,418,360	3,919,217	3,575,878	3,546,440	3,115,315
<u>\$ 4,714,881</u>	<u>\$ 4,418,360</u>	<u>\$ 3,919,217</u>	<u>\$ 3,575,878</u>	<u>\$ 3,546,440</u>
<u>\$ 71,582</u>	<u>\$ 281,255</u>	<u>\$ 538,548</u>	<u>\$ 940,809</u>	<u>\$ 771,193</u>
98.50%	94.02%	87.92%	79.17%	82.14%
\$ 1,406,648	\$ 1,324,089	\$ 1,314,431	\$ 1,362,102	\$ 1,254,372
5.09%	21.24%	40.97%	69.07%	61.48%

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2023
(Unaudited)

	Fiscal Year End			
	2023	2022	2021	2020
Actuarially determined contribution	\$ 76,428	\$ 95,737	\$ 103,690	\$ 98,497
Contributions in relation to the actuarially determined contribution	(76,428)	(95,737)	(103,690)	(98,497)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,782,913	\$ 1,701,969	\$ 1,547,842	\$ 1,506,710
Contributions as a percentage of covered payroll	4.29%	5.63%	6.70%	6.54%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior are not reported.

Fiscal Year End				
2019	2018	2017	2016	2015
\$ 105,780	\$ 105,166	\$ 149,206	\$ 156,157	\$ 204,395
(105,780)	(105,166)	(149,206)	(156,157)	(204,395)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,424,229	\$ 1,478,999	\$ 1,325,373	\$ 1,342,761	\$ 1,349,856
7.43%	7.11%	11.26%	11.63%	15.14%

CITY OF TALLAPOOSA, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2023

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2023, 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, 2024.

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 = N/A

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 = 7.375%

Projected salary increases = 2.25% plus service-based merit increases

Cost of living adjustments = 2.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Active participant mortality rates were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

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, 2023

4. Changes of Assumptions

There were no changes in assumptions in the last two fiscal years.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF TALLAPOOSA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2023

	Special Revenue			
		Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax
	Museum			
ASSETS				
Cash and cash equivalents	\$ 11,782	\$ 1,444	\$ 143	\$ 0
Certificates of deposit	0	0	0	0
Taxes receivable	0	0	0	1,384
Due from other funds	0	0	0	0
Total assets	<u>\$ 11,782</u>	<u>\$ 1,444</u>	<u>\$ 143</u>	<u>\$ 1,384</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 554
Due to other funds	0	0	0	830
Advances to other funds	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,384</u>
Fund balances				
Restricted for:				
Law enforcement	0	0	143	0
Capital outlay	0	0	0	0
Urban development	0	0	0	0
Committed for:				
Museum operations	11,782	0	0	0
Community planning	0	1,444	0	0
Total fund balances	<u>11,782</u>	<u>1,444</u>	<u>143</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 11,782</u>	<u>\$ 1,444</u>	<u>\$ 143</u>	<u>\$ 1,384</u>

Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
	2010 SPLOST	2015 SPLOST	
Urban Development Action Grant			
\$ 105,785	\$ 0	\$ 340,682	\$ 459,836
674,506	0	0	674,506
0	0	0	1,384
0	0	155,700	155,700
<u>\$ 780,291</u>	<u>\$ 0</u>	<u>\$ 496,382</u>	<u>\$ 1,291,426</u>
\$ 0	\$ 0	\$ 0	\$ 554
0	0	0	830
<u>92,805</u>	<u>0</u>	<u>0</u>	<u>92,805</u>
<u>92,805</u>	<u>0</u>	<u>0</u>	<u>94,189</u>
0	0	0	143
0	0	496,382	496,382
687,486	0	0	687,486
0	0	0	11,782
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,444</u>
<u>687,486</u>	<u>0</u>	<u>496,382</u>	<u>1,197,237</u>
<u>\$ 780,291</u>	<u>\$ 0</u>	<u>\$ 496,382</u>	<u>\$ 1,291,426</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, 2023

	Special Revenue			
	Museum	Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax
REVENUES				
Taxes	\$ 0	\$ 0	\$ 0	\$ 20,222
Charges for services	7,132	0	0	0
Contributions	0	0	1,100	0
Interest	38	4	0	0
Total revenues	<u>7,170</u>	<u>4</u>	<u>1,100</u>	<u>20,222</u>
EXPENDITURES				
Current				
General Government				
Public Safety	0	0	1,100	0
Public Works	0	0	0	0
Culture and Recreation	2,224	0	0	0
Housing and Development	0	0	0	8,089
Capital outlay	0	0	0	0
Total expenditures	<u>2,224</u>	<u>0</u>	<u>1,100</u>	<u>8,089</u>
Excess (deficiency) of revenues over (under) expenditures	4,946	4	0	12,133
Other financing sources (uses)				
Transfers out	0	0	0	(12,133)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,946	4	0	0
Fund balances, September 1	6,836	1,440	143	0
Fund balances, August 31	<u>\$ 11,782</u>	<u>\$ 1,444</u>	<u>\$ 143</u>	<u>\$ 0</u>

Special Revenue	Capital Projects		
Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 20,222
0	0	0	7,132
0	0	0	1,100
1,270	3	1,975	3,290
1,270	3	1,975	31,744
0	0	0	1,100
0	0	0	0
0	0	0	2,224
0	0	0	8,089
0	66,850	2,624	69,474
0	66,850	2,624	80,887
1,270	(66,847)	(649)	(49,143)
0	0	(163,045)	(175,178)
1,270	(66,847)	(163,694)	(224,321)
686,216	66,847	660,076	1,421,558
\$ 687,486	\$ 0	\$ 496,382	\$ 1,197,237

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NONMAJOR GOVERNMENTAL FUNDS

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
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 7,133	\$ 7,132	\$ (1)
Interest	38	38	0
Total revenues	<u>7,171</u>	<u>7,170</u>	<u>(1)</u>
EXPENDITURES			
Current			
Culture and Recreation			
Contract services	1,635	1,635	0
Materials and supplies	589	589	0
Total expenditures	<u>2,224</u>	<u>2,224</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	4,947	4,946	(1)
Fund balances, September 1	<u>(4,947)</u>	<u>6,836</u>	<u>11,783</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 11,782</u></u>	<u><u>\$ 11,782</u></u>

CITY OF TALLAPOOSA, GEORGIA
TALLAPOOSA COMMUNITY PLANNING COMMITTEE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5	\$ 4	\$ (1)
Total revenues	<u>5</u>	<u>4</u>	<u>(1)</u>
EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	5	4	(1)
Fund balances, September 1	<u>(5)</u>	<u>1,440</u>	<u>1,445</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 1,444</u></u>	<u><u>\$ 1,444</u></u>

**CITY OF TALLAPOOSA, GEORGIA
DRUG FORFEITURE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Contributions	\$ 1,100	\$ 1,100	\$ 0
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>0</u>
EXPENDITURES			
Current			
Public Safety			
Contract services	1,100	1,100	0
Total expenditures	<u>1,100</u>	<u>1,100</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Fund balances, September 1	<u>0</u>	<u>143</u>	<u>143</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 143</u></u>	<u><u>\$ 143</u></u>

CITY OF TALLAPOOSA, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 20,221	\$ 20,222	\$ 1
Total revenues	<u>20,221</u>	<u>20,222</u>	<u>1</u>
EXPENDITURES			
Current			
Housing and Development			
Payments to others	<u>8,088</u>	<u>8,089</u>	<u>(1)</u>
Total expenditures	<u>8,088</u>	<u>8,089</u>	<u>(1)</u>
Excess (deficiency) of revenues over (under) expenditures	12,133	12,133	0
Other financing sources (uses)			
Transfers in (out)			
General Fund	<u>(15,567)</u>	<u>(12,133)</u>	<u>3,434</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,434)	0	3,434
Fund balances, September 1	<u>3,434</u>	<u>0</u>	<u>(3,434)</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF TALLAPOOSA, GEORGIA
URBAN DEVELOPMENT ACTION GRANT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,270	\$ 1,270	\$ 0
Total revenues	<u>1,270</u>	<u>1,270</u>	<u>0</u>
EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,270	1,270	0
Fund balances, September 1	<u>(1,270)</u>	<u>686,216</u>	<u>687,486</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 687,486</u></u>	<u><u>\$ 687,486</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, 2023, 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 14, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City 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 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 below, we did identify certain 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 to be a material weakness:

2023-001

Condition: The City does not currently have the resources 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. Additionally, material adjustments were required during the audit process.

2023-001, 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.

Cause: City personnel do not have the necessary training in the application of generally accepted accounting principles and the preparation of financial statements.

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 begun 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 to be a significant deficiency:

2023-002

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.

Cause: There are several departments and component units of the City in which the segregation of duties could be improved.

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.

Report on Compliance and Other Matters

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

2023-003

Condition: The City failed to deposit grant funds for TSPLOST projects into the TSPLOST Fund. As a result, the General Fund owes the TSPLOST Fund an amount at year-end.

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

Effect: Failure to comply with OCGA Code Section 48-8-121 is a violation of state law.

Cause: City staff failed to deposit grant funds for TSPLOST projects into the TSPLOST Fund.

Recommendation: The amount due from the General Fund to TSPLOST should be deposited into the TSPLOST account promptly

Management Response: We concur with this finding. The City has recorded amounts due to the TSPLOST fund and intends to make timely reimbursement from the General Fund. This action was implemented immediately upon receipt of the comment from our auditors.

City of Tallapoosa, Georgia's Responses to Findings

City of Tallapoosa, Georgia's responses to the findings identified in our audit are described above. 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

The purpose of this report is 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushion, LLC

Certified Public Accountants

Gainesville, Georgia
February 14, 2024

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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, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2010 Referendum					
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	193,144	4,662	197,806
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	62,188	132,204
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>\$ 2,169,374</u>	<u>\$ 66,850</u>	<u>\$ 2,236,224</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, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2015 Referendum</u>					
Water and sewer debt	\$ 850,000	\$ 850,000	\$ 822,437	\$ 163,045	\$ 985,482
Police vehicles	150,000	150,000	341,088	2,624	343,712
Public works - vehicles	165,000	165,000	142,886	0	142,886
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	17,000	0	17,000
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	16,450	0	16,450
Utility expansion	115,000	115,000	0	0	0
Data processing	30,000	30,000	13,970	0	13,970
Economic projects	67,000	67,000	0	0	0
New cemetery	40,000	40,000	0	0	0
Lake	10,000	10,000	0	0	0
Total	<u>\$ 2,037,000</u>	<u>\$ 2,037,000</u>	<u>\$ 1,353,831</u>	<u>\$ 165,669</u>	<u>\$ 1,519,500</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, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2021 Referendum</u>					
City of Tallapoosa Projects	\$ 2,154,600	\$ 2,154,600			
Water, Sewer and Gas, City Dept. Building			\$ 0	\$ 0	\$ 0
Police vehicles and equipment			112	113,723	113,835
Public works vehicles/equipment			0	17,381	17,381
Old high school renovation			0	0	0
Public street improvements			0	0	0
Recreation complex			0	0	0
maintenance/improvements					
Museum and Senior Center facility			0	0	0
renovations and Library					
Grant matches for various capital			0	0	0
outlay projects					
Municipal buildings repairs and expansion					
Recreation equipment					
and repairs			0	0	0
Utility expansion			0	70,000	70,000
New computers and Technology/			0	0	0
Communications Upgrades					
Economic development projects and			0	0	0
business recruiting and retention					
Cemetary expansion			0	0	0
Lake repair					
Planning and development promotion			0	0	0
Total	<u>\$ 2,154,600</u>	<u>\$ 2,154,600</u>	<u>\$ 112</u>	<u>\$ 201,104</u>	<u>\$ 201,216</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, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2017 Referendum					
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	66,909	74,013	140,922
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	98,479	0	98,479
Arbacoochee Road	93,500	93,500	130,429	0	130,429
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 Arbacoochee 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
Improvements to various City roads	0	285,824	457,271	0	457,271
**Other collector roads with priority for paving:					
Broad Street	352,400	352,400	0	185,479	185,479
Stone Mountain Street	570,651	570,651	51,882	0	51,882
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>\$ 4,774,510</u>	<u>\$ 804,970</u>	<u>\$ 259,492</u>	<u>\$ 1,064,462</u>
Current year expenditures				\$ 329,900	
Improvements to various City roads financed through other revenues				<u>(70,408)</u>	
Total expenditures and transfers out				<u>\$ 259,492</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.

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2022 Referendum</u>					
Alewine Avenue	\$ 55,000	\$ 55,000	\$ 0	\$ 1,066	\$ 1,066
Berlin Street	38,700	38,700	0	0	0
Bethany Street	121,180	121,180	0	0	0
Cedartown Road	58,500	58,500	0	0	0
Cherokee Drive	30,000	30,000	0	0	0
Chestnut Street	38,700	38,700	0	0	0
Connecticut Avenue	55,500	55,500	0	0	0
Creek Drive (both sections)	40,000	40,000	0	0	0
Decatur Street	53,250	53,250	0	0	0
East Lyon St. (East of GA 100)	13,500	13,500	0	0	0
East Mill Street	37,500	37,500	0	0	0
Faye Street	26,000	26,000	0	0	0
Freeman Street	67,500	67,500	0	0	0
Falcon Drive	26,000	26,000	0	0	0
Golf Course Road	200,000	200,000	0	0	0
High Street	39,600	39,600	0	0	0
Highland Drive	67,500	67,500	0	0	0
Kiker Street	65,000	65,000	0	0	0
Leonard Street	13,200	13,200	0	0	0
Manning Street	54,700	54,700	0	0	0
Mays Street	45,450	45,450	0	0	0
MLK Boulevard	45,450	45,450	0	0	0
McDonald Road	121,500	121,500	0	0	0
Meadow Street	67,500	67,500	0	0	0
Michigan Avenue	39,000	39,000	0	0	0
Monroe Street	32,750	32,750	0	39,840	39,840
Oakland Court	32,750	32,750	0	0	0
Providence Church Road	67,500	67,500	0	0	0
Ray Street	13,200	13,200	0	0	0
Renee Drive	58,250	58,250	0	0	0
Riverview Drive	24,550	24,550	0	0	0
Sharon Drive	32,450	32,450	0	0	0
Spring Street (inlcuding Littlefield Lane)	32,450	32,450	0	19,563	19,563
Steadman Road	32,450	32,450	0	0	0
Stoffel Drive	89,600	89,600	0	0	0
Taliaferro Street (West of GA 100)	54,750	54,750	0	48,700	48,700
Watson Street	39,600	39,600	0	0	0
West Lyon Street (West of GA 100)	67,300	67,300	0	30,550	30,550

CITY OF TALLAPOOSA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2023

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2022 Referendum, continued</u>					
West Mill Street	55,000	55,000	0	0	0
White Street	65,500	65,500	0	64,632	64,632
East Alabama Street	65,000	65,000	0	0	0
Broad Street	220,000	220,000	0	0	0
Ivy Pope Road	125,000	125,000	0	0	0
Helton Howland Park - roads and paving	45,000	45,000	0	0	0
Necessary ROW maintenance equipment	729,670	729,670	0	0	0
Total	<u>\$ 3,303,000</u>	<u>\$ 3,303,000</u>	<u>\$ 0</u>	<u>\$ 204,351</u>	<u>\$ 204,351</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.

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