

***CITY OF TALLAPOOSA, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended August 31, 2019***

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**CITY OF TALLAPOOSA, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended August 31, 2019*

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tallapoosa, Georgia, as of and for the year ended August 31, 2019, 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tallapoosa, Georgia, as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and the Urban Development Action Grant Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tallapoosa, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, 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.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation special purpose local option sales tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Tallapoosa, Georgia's basic financial statements for the year ended August 31, 2018, which are not presented with the accompanying financial statements. In our report dated February 5, 2019, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tallapoosa's basic financial statements as a whole.

The combining and individual fund financial statements and schedules related to the 2018 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020 on our consideration of the City of Tallapoosa, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tallapoosa, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
February 14, 2020

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**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

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, 2019. 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, 2019**

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

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

***Fund Financial Statements***

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

The City has two kinds of funds:

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

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

***Notes to the Financial Statements***

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

***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 63 to 66 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 \$18,399,093. This is a \$1,241,424 increase from last year's net position of \$17,157,669.

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

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

**Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 4,434,442	\$ 3,616,897	\$ 3,192,535	\$ 2,921,073	\$ 7,626,977	\$ 6,537,970
Noncurrent assets	2,893,483	2,765,463	14,542,296	14,169,753	17,435,779	16,935,216
Total assets	7,327,925	6,382,360	17,734,831	17,090,826	25,062,756	23,473,186
Deferred outflows of resources	83,633	100,063	59,044	67,359	142,677	167,422
Current liabilities	164,580	144,339	691,123	504,357	855,703	648,696
Noncurrent liabilities	39,419	163,891	5,529,786	5,310,849	5,569,205	5,474,740
Total liabilities	203,999	308,230	6,220,909	5,815,206	6,424,908	6,123,436
Deferred inflows of resources	231,180	218,664	150,252	140,839	381,432	359,503
Net position:						
Net investment in capital assets	2,864,678	2,748,453	8,695,481	8,791,411	11,560,159	11,539,864
Restricted for:						
Law enforcement	61	61	0	0	61	61
Urban development	679,702	678,443	0	0	679,702	678,443
Capital outlay	1,108,568	710,200	0	0	1,108,568	710,200
Debt service	0	0	1,136,382	1,126,179	1,136,382	1,126,179
Unrestricted	2,323,370	1,818,372	1,590,851	1,284,550	3,914,221	3,102,922
Total net position	\$ 6,976,379	\$ 5,955,529	\$ 11,422,714	\$ 11,202,140	\$ 18,399,093	\$ 17,157,669

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

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

Summary of Changes in Net Position							
	Governmental Activities		Business-Type Activities		Total		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 255,102	\$ 216,480	\$ 3,708,557	\$ 3,725,388	\$ 3,963,659	\$ 3,941,868	
Operating grants and contributions	42,306	52,454	0	0	42,306	52,454	
Capital grants and contributions	522,907	513,099	44,828	22,764	567,735	535,863	
General revenues:							
Property taxes	961,266	939,742	0	0	961,266	939,742	
Sales taxes	964,892	687,527	0	0	964,892	687,527	
Insurance premium taxes	227,425	210,881	0	0	227,425	210,881	
Other taxes	520,860	493,622	0	0	520,860	493,622	
Other	46,055	27,407	61,134	51,488	107,189	78,895	
Total revenues	<u>3,540,813</u>	<u>3,141,212</u>	<u>3,814,519</u>	<u>3,799,640</u>	<u>7,355,332</u>	<u>6,940,852</u>	
Expenses:							
General government	421,570	418,871			421,570	418,871	
Public safety	1,165,681	1,107,585			1,165,681	1,107,585	
Public works	395,207	340,413			395,207	340,413	
Health and welfare	52,910	52,561			52,910	52,561	
Culture and recreation	453,883	433,703			453,883	433,703	
Housing and development	10,167	9,164			10,167	9,164	
Total	<u>2,499,418</u>	<u>2,362,297</u>					
Water and sewer			1,615,763	1,494,759	1,615,763	1,494,759	
Gas			1,268,287	1,183,985	1,268,287	1,183,985	
Golf			436,748	414,610	436,748	414,610	
Sanitation			293,692	280,228	293,692	280,228	
Total			<u>3,614,490</u>	<u>3,373,582</u>			
Total expenses					<u>6,113,908</u>	<u>5,735,879</u>	
Change in net position before transfers	1,041,395	778,915	200,029	426,058	1,241,424	1,204,973	
Transfers	<u>(20,545)</u>	<u>111,563</u>	<u>20,545</u>	<u>(111,563)</u>	<u>0</u>	<u>0</u>	
Change in net position	<u>1,020,850</u>	<u>890,478</u>	<u>220,574</u>	<u>314,495</u>	<u>1,241,424</u>	<u>1,204,973</u>	
Beginning net position	<u>5,955,529</u>	<u>5,065,051</u>	<u>11,202,140</u>	<u>10,887,645</u>	<u>17,157,669</u>	<u>15,952,696</u>	
Ending net position	<u>\$ 6,976,379</u>	<u>\$ 5,955,529</u>	<u>\$ 11,422,714</u>	<u>\$ 11,202,140</u>	<u>\$ 18,399,093</u>	<u>\$ 17,157,669</u>	

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

**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 \$4,296,197. The total ending fund balances of governmental funds show an increase of \$801,675 over the prior year balance of \$3,494,522.

***Major Governmental Funds***

The General Fund is the City's primary operating fund. The fund balance of the General Fund increased from \$2,174,104 to \$2,624,940. The increase was slightly smaller than the increase in the prior year. While the General Fund did show an increase in revenues (predominantly in taxes and fines and forfeitures), the increase in expenditures was greater. There was also a decrease in transfers from other funds in the current fiscal year. The fund balance of the Urban Development Action Grant Fund increased from \$678,443 to \$679,702. The fund balance of the 2010 SPLOST Fund remained the same from fiscal year 2018 to 2019 at \$117,635. The fund balance of the 2015 SPLOST Fund increased from \$396,712 to \$489,719 due to SPLOST revenues exceeding current year expenditures and transfers out.

***Proprietary funds***

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

***Major Proprietary Funds***

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

***General Fund Budgetary Highlights***

The budget was approved by the Council with expenditures totaling \$2,318,777. Amendments were made to the budget during the year to increase total budgeted expenditures to \$2,802,753. For the current fiscal year, revenues were below amended budget projections by \$65,016 and expenditures were below amended budgets by \$220,597.

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2019, the City had \$17,435,779 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 456,132	\$ 456,132	\$ 142,816	\$ 142,816	\$ 598,948	\$ 598,948
Construction in progress	56,454	5,760	581,419	13,070	637,873	18,830
Buildings and improvements	1,036,911	1,067,019	1,973	2,466	1,038,884	1,069,485
Equipment and Vehicles	389,431	323,579	117,887	110,278	507,318	433,857
Water/Sewer Distribution	0	0	12,237,023	12,440,110	12,237,023	12,440,110
Gas Distribution	0	0	1,461,178	1,461,013	1,461,178	1,461,013
Infrastructure	954,555	912,973	0	0	954,555	912,973
Totals	\$ 2,893,483	\$ 2,765,463	\$ 14,542,296	\$ 14,169,753	\$ 17,435,779	\$ 16,935,216

**Debt**

The total long-term debt of the City outstanding at August 31, 2019 was \$5,729,667. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems. Please refer to our analysis below for the breakdown of the City's outstanding debt and to Note 10 to the basic financial statements.

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital leases	\$ 0	\$ 0	\$ 42,036	\$ 61,868	\$ 42,036	\$ 61,868
Notes payable	0	0	5,687,631	5,304,403	5,687,631	5,304,403
Totals	\$ 0	\$ 0	\$ 5,729,667	\$ 5,366,271	\$ 5,729,667	\$ 5,366,271

**CITY OF TALLAPOOSA, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**August 31, 2019**

**Next Year's Budget**

The General Fund budget for the year ending August 31, 2020 reflects expenditures of \$2,674,162. This is an approximate 4.59% decrease from the final budget for the year ended August 31, 2019.

**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, 2019**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,830,103	\$ 18,407	\$ 3,848,510	\$ 1,261,155
Certificates of deposit	806,300	259,525	1,065,825	662,741
Restricted assets				
Cash and cash equivalents	0	92,826	92,826	0
Certificates of deposit	0	1,184,605	1,184,605	0
Receivables (net)				
Accounts	13,789	358,880	372,669	0
Intergovernmental	109,506	662,113	771,619	17,805
Taxes	121,438	0	121,438	0
Inventory	0	102,911	102,911	0
Prepaid items	45,517	21,057	66,574	0
Internal balances	(492,211)	492,211	0	0
Total current assets	4,434,442	3,192,535	7,626,977	1,941,701
Noncurrent assets				
Capital assets				
Non-depreciable	512,586	724,235	1,236,821	1,789,198
Depreciable (net)	2,380,897	13,818,061	16,198,958	0
Total noncurrent assets	2,893,483	14,542,296	17,435,779	1,789,198
Total assets	7,327,925	17,734,831	25,062,756	3,730,899
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	83,633	59,044	142,677	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	107,324	273,036	380,360	0
Intergovernmental	17,805	0	17,805	532,264
Retainage	0	27,142	27,142	0
Accrued liabilities	2,962	2,980	5,942	0
Compensated absences	36,489	27,573	64,062	0
Capital lease payable	0	30,281	30,281	0
Liabilities payable from restricted assets				
Customer deposits payable	0	118,594	118,594	0
Accrued interest	0	9,754	9,754	0
Notes payable	0	201,763	201,763	0
Total current liabilities	164,580	691,123	855,703	532,264

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**August 31, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent liabilities</b>				
Net pension liability	\$ 39,419	\$ 32,163	\$ 71,582	\$ 0
Capital lease payable	0	11,755	11,755	0
Notes payable	0	5,485,868	5,485,868	0
Total noncurrent liabilities	39,419	5,529,786	5,569,205	0
<b>Total liabilities</b>	<b>203,999</b>	<b>6,220,909</b>	<b>6,424,908</b>	<b>532,264</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	231,180	150,252	381,432	0
<b>NET POSITION</b>				
Net investment in capital assets	2,864,678	8,695,481	11,560,159	1,789,198
Restricted for:				
Law enforcement	61	0	61	0
Urban development	679,702	0	679,702	0
Capital outlay	1,108,568	0	1,108,568	0
Debt service	0	1,136,382	1,136,382	0
Unrestricted	2,323,370	1,590,851	3,914,221	1,409,437
<b>Total net position</b>	<b>\$ 6,976,379</b>	<b>\$ 11,422,714</b>	<b>\$ 18,399,093</b>	<b>\$ 3,198,635</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended August 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General Government	\$ 421,570	\$ 11,799	\$ 29,374	\$ 62,461	\$ (317,936)
Public Safety	1,165,681	170,521	12,932	29,743	(952,485)
Public Works	395,207	14,241	0	342,130	(38,836)
Health and Welfare	52,910	5,951	0	3,966	(42,993)
Culture and Recreation	453,883	52,590	0	71,322	(329,971)
Housing and Development	10,167	0	0	13,285	3,118
Total governmental activities	2,499,418	255,102	42,306	522,907	(1,679,103)
Business-type activities					
Water and Sewer	1,615,763	1,589,938	0	44,828	19,003
Gas	1,268,287	1,461,875	0	0	193,588
Golf	436,748	320,972	0	0	(115,776)
Sanitation	293,692	335,772	0	0	42,080
Total business-type activities	3,614,490	3,708,557	0	44,828	138,895
Total primary government	6,113,908	3,963,659	42,306	567,735	(1,540,208)
<b>Component Units</b>					
Tallapoosa Development Authority	10,025	0	0	0	(10,025)
Tallapoosa Recreation Authority	0	0	0	0	0
Downtown Development Authority	2,436	0	4,168	0	1,732
Total component units	12,461	0	4,168	0	(8,293)
		<b>Primary Government</b>			
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Change in net position</b>					
Net (expense) revenue	\$ (1,679,103)	\$ 138,895	\$ (1,540,208)	\$ (8,293)	
<b>General revenues</b>					
Taxes					
Property	961,266	0	961,266	0	
Sales	964,892	0	964,892	0	
Hotel/Motel	25,603	0	25,603	0	
Insurance premium	227,425	0	227,425	0	
Franchise	349,800	0	349,800	0	
Other	145,457	0	145,457	0	
Interest and investment earnings	4,515	11,591	16,106	1,312	
Gain on sale of assets	21,062	0	21,062	0	
Miscellaneous	20,478	49,543	70,021	0	
Transfers	(20,545)	20,545	0	0	
Total general revenues and transfers	2,699,953	81,679	2,781,632	1,312	
Change in net position	1,020,850	220,574	1,241,424	(6,981)	
Net position - beginning	5,955,529	11,202,140	17,157,669	3,205,616	
Net position - ending	\$ 6,976,379	\$ 11,422,714	\$ 18,399,093	\$ 3,198,635	

**CITY OF TALLAPOOSA, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2019**

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,371,854	\$ 105,172	\$ 118,835	\$ 878,944	\$ 355,298	\$ 3,830,103
Certificates of deposit	138,965	667,335	0	0	0	806,300
Receivables (net)						
Accounts	13,789	0	0	0	0	13,789
Intergovernmental	4,120	0	0	105,386	0	109,506
Taxes	90,636	0	0	0	30,802	121,438
Due from other funds	4,739	0	0	0	0	4,739
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	45,517	0	0	0	0	45,517
<b>Total assets</b>	<b>\$ 2,762,425</b>	<b>\$ 772,507</b>	<b>\$ 118,835</b>	<b>\$ 984,330</b>	<b>\$ 386,100</b>	<b>\$ 5,024,197</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 106,564	\$ 0	\$ 0	\$ 0	\$ 760	\$ 107,324
Intergovernmental payables	17,805	0	0	0	0	17,805
Accrued liabilities	2,962	0	0	0	0	2,962
Due to other funds	0	0	1,200	494,611	1,139	496,950
Advances from other funds	0	92,805	0	0	0	92,805
<b>Total liabilities</b>	<b>127,331</b>	<b>92,805</b>	<b>1,200</b>	<b>494,611</b>	<b>1,899</b>	<b>717,846</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	10,154	0	0	0	0	10,154
<b>Fund balances</b>						
Nonspendable:						
Advances to other funds	92,805	0	0	0	0	92,805
Prepaid items	45,517	0	0	0	0	45,517
Restricted for:						
Law enforcement	0	0	0	0	61	61
Urban development	0	679,702	0	0	0	679,702
Capital outlay	122,252	0	117,635	489,719	378,962	1,108,568
Committed for:						
Museum operations	0	0	0	0	3,741	3,741
Community planning	0	0	0	0	1,437	1,437
Unassigned	2,364,366	0	0	0	0	2,364,366
<b>Total fund balances</b>	<b>2,624,940</b>	<b>679,702</b>	<b>117,635</b>	<b>489,719</b>	<b>384,201</b>	<b>4,296,197</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,762,425</b>	<b>\$ 772,507</b>	<b>\$ 118,835</b>	<b>\$ 984,330</b>	<b>\$ 386,100</b>	<b>\$ 5,024,197</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**THE GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**August 31, 2019**

**Total fund balance - total governmental funds** **\$ 4,296,197**

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

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

These are:

Capital assets	\$ 6,677,751	
Accumulated depreciation	<u>(3,784,268)</u>	2,893,483

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.	10,154
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

These are:

Deferred outflows of resources - pension	\$ 83,633	
Deferred inflows of resources - pension	<u>(231,180)</u>	(147,547)

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

These are:

Compensated absences	\$ (36,489)	
Net pension liability	<u>(39,419)</u>	<u>(75,908)</u>

Net position of the governmental activities	<u><u>\$ 6,976,379</u></u>
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**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the fiscal year ended August 31, 2019*

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 2,337,614	\$ 0	\$ 0	\$ 0	\$ 340,953	\$ 2,678,567
Licenses and permits	20,916	0	0	0	0	20,916
Fines, fees and forfeitures	158,290	0	0	0	0	158,290
Charges for services	55,604	0	0	0	6,237	61,841
Intergovernmental	100,434	0	0	403,436	0	503,870
Interest	3,255	1,259	0	479	1	4,994
Contributions	74,918	0	0	0	0	74,918
Other	20,478	0	0	0	0	20,478
<b>Total revenues</b>	<b>2,771,509</b>	<b>1,259</b>	<b>0</b>	<b>403,915</b>	<b>347,191</b>	<b>3,523,874</b>
<b>EXPENDITURES</b>						
Current						
General Government	391,383	0	0	0	0	391,383
Public Safety	1,206,643	0	0	0	0	1,206,643
Public Works	479,919	0	0	0	0	479,919
Health and Welfare	52,910	0	0	0	0	52,910
Culture and Recreation	451,301	0	0	0	8,505	459,806
Housing and Development	0	0	0	0	10,167	10,167
Capital Outlay	0	0	0	65,378	56,510	121,888
<b>Total expenditures</b>	<b>2,582,156</b>	<b>0</b>	<b>0</b>	<b>65,378</b>	<b>75,182</b>	<b>2,722,716</b>
Excess (deficiency) of revenues over (under) expenditures	189,353	1,259	0	338,537	272,009	801,158
Other financing sources (uses)						
Transfers in	466,778	0	0	0	0	466,778
Transfers out	(226,357)	0	0	(245,530)	(15,436)	(487,323)
Proceeds from sale of assets	21,062	0	0	0	0	21,062
Total other financing sources (uses)	261,483	0	0	(245,530)	(15,436)	517
Net change in fund balances	450,836	1,259	0	93,007	256,573	801,675
Fund balances, September 1	2,174,104	678,443	117,635	396,712	127,628	3,494,522
<b>Fund balances, August 31</b>	<b>\$ 2,624,940</b>	<b>\$ 679,702</b>	<b>\$ 117,635</b>	<b>\$ 489,719</b>	<b>\$ 384,201</b>	<b>\$ 4,296,197</b>

**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, 2019**

**Net change in fund balances - total governmental funds** **\$ 801,675**

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	\$ 330,439	
Depreciation	<u>(202,419)</u>	128,020

In the statement of activities, the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets sold	\$ 26,800	
Related accumulated depreciation	<u>(26,800)</u>	0

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. (4,125)

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	\$ 60,371	
Cost of benefits earned net of employee contributions	<u>35,155</u>	95,526

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. (246)

Change in net position of governmental activities	<u><u>\$ 1,020,850</u></u>
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**CITY OF TALLAPOOSA, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**

	<b>Budget</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 2,188,866	\$ 2,325,547	\$ 2,337,614	\$ 12,067
Licenses and permits	20,300	21,518	20,916	(602)
Fines, fees and forfeitures	108,000	188,310	158,290	(30,020)
Charges for services	65,160	145,900	55,604	(90,296)
Intergovernmental	86,454	91,642	100,434	8,792
Interest	25	31	3,255	3,224
Contributions	28,400	29,252	74,918	45,666
Other	16,925	34,325	20,478	(13,847)
<b>Total revenues</b>	<b>2,514,130</b>	<b>2,836,525</b>	<b>2,771,509</b>	<b>(65,016)</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Administration	290,531	325,714	287,662	38,052
Mayor and Council	91,123	88,790	80,192	8,598
Other General Government	23,503	26,240	23,529	2,711
Public Safety				
Police Department	924,360	1,036,670	975,041	61,629
Fire Department	212,780	253,237	231,602	21,635
Public Works				
Highways and Streets	280,015	460,828	446,454	14,374
Cemetery	19,318	38,767	33,465	5,302
Health and Welfare				
Senior Center	53,327	60,777	52,910	7,867
Culture and Recreation				
Recreation	245,641	309,719	268,939	40,780
Museum	53,644	60,810	55,292	5,518
Library	124,535	141,201	127,070	14,131
<b>Total expenditures</b>	<b>2,318,777</b>	<b>2,802,753</b>	<b>2,582,156</b>	<b>220,597</b>
Excess (deficiency) of revenues over (under) expenditures	195,353	33,772	189,353	155,581
Other financing sources (uses)				
Transfers in	13,800	14,628	466,778	452,150
Transfers out	0	0	(226,357)	(226,357)
Proceeds from sale of assets	0	0	21,062	21,062
<b>Total other financing sources (uses)</b>	<b>13,800</b>	<b>14,628</b>	<b>261,483</b>	<b>246,855</b>
Net change in fund balance	209,153	48,400	450,836	402,436
Fund balances, September 1	(209,153)	(48,400)	2,174,104	2,222,504
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,624,940</b>	<b>\$ 2,624,940</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**URBAN DEVELOPMENT ACTION GRANT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**

	<b>Budget</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Interest	\$ 519	\$ 519	\$ 1,259	\$ 740
<b>Total revenues</b>	<b>519</b>	<b>519</b>	<b>1,259</b>	<b>740</b>
<b>EXPENDITURES</b>				
Current				
Housing and Development	519	519	0	519
<b>Total expenditures</b>	<b>519</b>	<b>519</b>	<b>0</b>	<b>519</b>
Net change in fund balance	0	0	1,259	1,259
Fund balances, September 1	0	0	678,443	678,443
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 679,702</b>	<b>\$ 679,702</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2019**

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 0	\$ 18,207	\$ 200	\$ 0	\$ 18,407
Certificates of deposit	0	259,525	0	0	259,525
Restricted assets					
Cash and cash equivalents	83,028	9,798	0	0	92,826
Certificates of deposit	1,143,438	41,167	0	0	1,184,605
Accounts receivable (net)	223,653	101,285	7,851	26,091	358,880
Intergovernmental receivables	129,849	0	532,264	0	662,113
Due from other funds	492,211	0	0	0	492,211
Inventory	5,000	97,911	0	0	102,911
Prepaid items	8,727	4,920	4,515	2,895	21,057
Total current assets	2,085,906	532,813	544,830	28,986	3,192,535
<b>Noncurrent assets</b>					
Capital assets					
Non-depreciable	581,419	0	142,816	0	724,235
Depreciable (net)	12,245,128	1,496,972	75,961	0	13,818,061
Total noncurrent assets	12,826,547	1,496,972	218,777	0	14,542,296
<b>Total assets</b>	14,912,453	2,029,785	763,607	28,986	17,734,831
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources - pension	19,390	29,784	9,870	0	59,044
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables					
Accounts	193,759	37,661	16,957	24,659	273,036
Retainage	27,142	0	0	0	27,142
Accrued liabilities	0	0	2,980	0	2,980
Compensated absences	8,969	16,318	2,286	0	27,573
Capital lease payable	0	0	30,281	0	30,281
Liabilities payable from restricted assets					
Customer deposits payable	67,629	50,965	0	0	118,594
Accrued interest payable	9,754	0	0	0	9,754
Notes payable	201,763	0	0	0	201,763
Total current liabilities	509,016	104,944	52,504	24,659	691,123

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2019**

	<b>Business-Type Activities</b>				
	<b>Water and Sewer</b>	<b>Gas</b>	<b>Golf</b>	<b>(Non-major) Sanitation</b>	<b>Totals</b>
<b>Noncurrent liabilities</b>					
Net pension liability	\$ 2,041	\$ 22,654	\$ 7,468	\$ 0	\$ 32,163
Capital lease payable	0	0	11,755	0	11,755
Notes payable	5,485,868	0	0	0	5,485,868
Total noncurrent liabilities	5,487,909	22,654	19,223	0	5,529,786
<b>Total liabilities</b>	<b>5,996,925</b>	<b>127,598</b>	<b>71,727</b>	<b>24,659</b>	<b>6,220,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources - pension	48,651	76,566	25,035	0	150,252
<b>NET POSITION</b>					
Net investment in capital assets	7,021,768	1,496,972	176,741	0	8,695,481
Restricted for debt service	1,136,382	0	0	0	1,136,382
Unrestricted	728,117	358,433	499,974	4,327	1,590,851
<b>Total net position</b>	<b>\$ 8,886,267</b>	<b>\$ 1,855,405</b>	<b>\$ 676,715</b>	<b>\$ 4,327</b>	<b>\$ 11,422,714</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended August 31, 2019**

	<b>Business-Type Activities</b>				
	<b>Water and Sewer</b>	<b>Gas</b>	<b>Golf</b>	<b>(Non-major) Sanitation</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 1,589,938	\$ 1,461,875	\$ 320,972	\$ 335,772	\$ 3,708,557
Other	6,656	29,288	13,599	0	49,543
<b>Total operating revenues</b>	<b>1,596,594</b>	<b>1,491,163</b>	<b>334,571</b>	<b>335,772</b>	<b>3,758,100</b>
<b>OPERATING EXPENSES</b>					
Costs of sales and services	933,158	830,277	200,057	287,059	2,250,551
Personal services	333,619	388,775	197,842	6,633	926,869
Depreciation	232,037	49,235	36,493	0	317,765
<b>Total operating expenses</b>	<b>1,498,814</b>	<b>1,268,287</b>	<b>434,392</b>	<b>293,692</b>	<b>3,495,185</b>
Operating income (loss)	97,780	222,876	(99,821)	42,080	262,915
Non-operating revenues (expenses)					
Intergovernmental revenue	44,828	0	0	0	44,828
Interest revenue	10,159	1,432	0	0	11,591
Interest expense	(116,949)	0	(2,356)	0	(119,305)
Total non-operating revenues (expenses)	(61,962)	1,432	(2,356)	0	(62,886)
Net income (loss) before transfers	35,818	224,308	(102,177)	42,080	200,029
Transfers in (out)					
Transfers in	203,256	42,274	226,357	0	471,887
Transfers out	(214,585)	(192,519)	0	(44,238)	(451,342)
Total transfers in (out)	(11,329)	(150,245)	226,357	(44,238)	20,545
Change in net position	24,489	74,063	124,180	(2,158)	220,574
Net position, September 1	8,861,778	1,781,342	552,535	6,485	11,202,140
<b>Net position, August 31</b>	<b>\$ 8,886,267</b>	<b>\$ 1,855,405</b>	<b>\$ 676,715</b>	<b>\$ 4,327</b>	<b>\$ 11,422,714</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended August 31, 2019*

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 1,558,025	\$ 1,474,759	\$ 208,903	\$ 335,769	\$ 3,577,456
Payments to suppliers	(924,146)	(845,731)	(193,737)	(284,898)	(2,248,512)
Payments to employees	(351,534)	(425,344)	(211,501)	(6,633)	(995,012)
Other receipts	6,656	29,288	13,599	0	49,543
Net cash provided (used) by operating activities	289,001	232,972	(182,736)	44,238	383,475
<b>Cash flows from non-capital financing activities:</b>					
Receipts from other funds	0	0	226,357	0	226,357
Payments to other funds	(214,585)	(192,519)	0	(44,238)	(451,342)
Net cash provided (used) by non-capital financing activities	(214,585)	(192,519)	226,357	(44,238)	(224,985)
<b>Cash flows from capital and related financing activities:</b>					
Receipts from other funds	320,813	42,274	0	0	363,087
Payments to other funds	(117,557)	0	0	0	(117,557)
Receipts from other governments	37,334	0	0	0	37,334
Payments for acquisitions of capital assets	(456,480)	(82,727)	0	0	(539,207)
Payment of capital related accounts payable	(22,771)	0	0	0	(22,771)
Payment of retainage payable	(2,000)	0	0	0	(2,000)
Proceeds from promissory notes	425,936	0	0	0	425,936
Principal payments - capital lease payable	0	0	(41,084)	0	(41,084)
Principal payments - promissory notes	(140,292)	0	0	0	(140,292)
Interest paid	(116,995)	0	(2,537)	0	(119,532)
Net cash provided (used) by capital and related financing activities	(72,012)	(40,453)	(43,621)	0	(156,086)
<b>Cash flows from investing activities:</b>					
Purchases of certificates of deposit	(10,157)	(1,418)	0	0	(11,575)
Interest received	10,159	1,432	0	0	11,591
Net cash provided (used) by investing activities	2	14	0	0	16
Net increase (decrease) in cash and cash equivalents	2,406	14	0	0	2,420
Cash and cash equivalents, September 1	80,622	27,991	200	0	108,813
<b>Cash and cash equivalents, August 31</b>	<b>\$ 83,028</b>	<b>\$ 28,005</b>	<b>\$ 200</b>	<b>\$ 0</b>	<b>\$ 111,233</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended August 31, 2019*

	Business-Type Activities				
	Water and Sewer	Gas	Golf	(Non-major) Sanitation	Totals
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 97,780	\$ 222,876	\$ (99,821)	\$ 42,080	\$ 262,915
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	232,037	49,235	36,493	0	317,765
(Increase) decrease in accounts receivable	(34,318)	11,034	(520)	(3)	(23,807)
(Increase) decrease in intergovernmental receivables	0	0	(111,549)	0	(111,549)
(Increase) decrease in inventory	0	(19,541)		0	(19,541)
(Increase) decrease in prepaid items	1,630	258	431	189	2,508
(Increase) decrease in deferred outflows of resources - pension	(468)	5,978	2,805	0	8,315
Increase (decrease) in accounts payable	7,382	5,890	5,273	1,972	20,517
Increase (decrease) in accrued liabilities	0	(2,061)	616	0	(1,445)
Increase (decrease) in customer deposits payable	2,405	1,850	0	0	4,255
Increase (decrease) in compensated absences	3,281	(3,168)	(783)	0	(670)
Increase (decrease) in net pension liability	(24,223)	(43,714)	(17,264)	0	(85,201)
Increase (decrease) in deferred inflows of resources - pension	3,495	4,335	1,583	0	9,413
Total adjustments	191,221	10,096	(82,915)	2,158	120,560
Net cash provided (used) by operating activities	<u>\$ 289,001</u>	<u>\$ 232,972</u>	<u>\$ (182,736)</u>	<u>\$ 44,238</u>	<u>\$ 383,475</u>
<b>Cash and cash equivalents reconciliation:</b>					
Cash and cash equivalents	\$ 0	\$ 18,207	\$ 200	\$ 0	\$ 18,407
Restricted assets					
Cash and cash equivalents	83,028	9,798	0	0	92,826
Total cash and cash equivalents	<u>\$ 83,028</u>	<u>\$ 28,005</u>	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 111,233</u>

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through capital-related payables totaled \$129,849.  
Acquisition of capital assets through issuance of capital leases totaled \$21,252.  
Increase in notes payable through intergovernmental receivable totaled \$117,839.

**CITY OF TALLAPOOSA, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**August 31, 2019**

	<b>Tallapoosa Development Authority</b>	<b>Tallapoosa Recreation Authority</b>	<b>Downtown Development Authority</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 607,668	\$ 636,977	\$ 16,510	\$ 1,261,155
Certificates of deposit	662,741	0	0	662,741
Intergovernmental receivables	17,805	0	0	17,805
Total current assets	1,288,214	636,977	16,510	1,941,701
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	44,848	1,733,846	10,504	1,789,198
<b>Total assets</b>	<b>1,333,062</b>	<b>2,370,823</b>	<b>27,014</b>	<b>3,730,899</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Intergovernmental payables	0	532,264	0	532,264
<b>NET POSITION</b>				
Investment in capital assets	44,848	1,733,846	10,504	1,789,198
Unrestricted	1,288,214	104,713	16,510	1,409,437
<b>Total net position</b>	<b>\$ 1,333,062</b>	<b>\$ 1,838,559</b>	<b>\$ 27,014</b>	<b>\$ 3,198,635</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the fiscal year ended August 31, 2019*

	<b>Tallapoosa Development Authority</b>	<b>Tallapoosa Recreational Authority</b>	<b>Downtown Development Authority</b>	<b>Totals</b>
<b>Expenses</b>				
Housing and Development	\$ 10,025	\$ 0	\$ 2,436	\$ 12,461
<b>Total expenses</b>	<u>10,025</u>	<u>0</u>	<u>2,436</u>	<u>12,461</u>
<b>Program revenues</b>				
Operating grants and contributions	<u>0</u>	<u>0</u>	<u>4,168</u>	<u>4,168</u>
Net (expense) revenue	(10,025)	0	1,732	(8,293)
<b>General revenues</b>				
Interest and investment earnings	<u>1,197</u>	<u>115</u>	<u>0</u>	<u>1,312</u>
Change in net position	(8,828)	115	1,732	(6,981)
Net position, September 1	<u>1,341,890</u>	<u>1,838,444</u>	<u>25,282</u>	<u>3,205,616</u>
<b>Net position, August 31</b>	<u><u>\$ 1,333,062</u></u>	<u><u>\$ 1,838,559</u></u>	<u><u>\$ 27,014</u></u>	<u><u>\$ 3,198,635</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**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, 2019**

**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 31<sup>st</sup> 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 31<sup>st</sup> 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, 2019**

**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 31<sup>th</sup> 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, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

Additionally, the City reports the following fund types:

**Governmental Fund Types**

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

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

**Proprietary Fund Types**

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

**Interfund Activity**

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

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

**E. Measurement Focus and Basis of Accounting**

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

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

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**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, 2019**

**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, 2019**

**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, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources for unavailable revenues, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension 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, 2019**

**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, 2019**

**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, 2019**

**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, 2019**

**2. Summary of Significant Accounting Policies (continued)**

**U. Pensions**

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

**V. Comparative Data and Reclassifications**

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

**3. Deposit and Investment Risk**

**Custodial Credit Risk - Deposits**

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

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

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

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**4. Accounts Receivable**

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

**Primary Government:**

**Major Funds**

General Fund	\$	13,789
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Enterprise funds

Water and Sewer Fund	\$	236,938	
Less: Allowance for Uncollectibles		(13,285)	
Gas Fund		107,689	
Less: Allowance for Uncollectibles		(6,404)	
Golf Fund		<u>7,851</u>	332,789

**Nonmajor Enterprise Funds**

Sanitation Fund	28,470	
Less: Allowance for Uncollectibles	<u>(2,379)</u>	<u>26,091</u>

Total primary government		<u><u>\$ 372,669</u></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**

General Fund	\$	4,120
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2015 SPLOST Capital Projects Fund		105,386
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Enterprise Funds

Water and Sewer Fund	\$	129,849	
Golf Fund		<u>532,264</u>	<u>662,113</u>

Total primary government		<u><u>\$ 771,619</u></u>
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**Component Units:**

Tallapoosa Development Authority		<u><u>\$ 17,805</u></u>
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**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**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 2018, based upon the assessments of January 1, 2018, were levied on May 16, 2018, billed on October 22, 2018, and due on December 31, 2018.

**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	2010 SPLOST	\$ 1,200
	2015 SPLOST	2,400
	UDAG	92,805
	Nonmajor Governmental	1,139
Water and Sewer	2015 SPLOST	492,211
		<u>\$ 589,755</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 UDAG to the General Fund that is not expected to be repaid within one year. Other interfund balances are expected to be repaid within one year.

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**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	\$ 226,357
2015 SPLOST	Water and Sewer	203,256
	Gas	42,274
Nonmajor Governmental	General	15,436
Water and Sewer	General	214,585
Gas	General	192,519
Nonmajor Enterprise	General	44,238
		<u>\$ 938,665</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, 2019**

**8. Capital Assets**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 456,132	\$ 0	\$ 0	\$ 456,132
Construction in progress	5,760	50,694	0	56,454
Total non-depreciable assets	461,892	50,694	0	512,586
Depreciable assets				
Buildings and improvements	2,573,393	43,727	0	2,617,120
Machinery and equipment	1,179,167	75,640	0	1,254,807
Vehicles	681,296	65,378	(26,800)	719,874
Infrastructure	1,478,364	95,000	0	1,573,364
Total depreciable assets	5,912,220	279,745	(26,800)	6,165,165
Accumulated depreciation				
Buildings and improvements	(1,506,374)	(73,835)	0	(1,580,209)
Machinery and equipment	(900,397)	(44,494)	0	(944,891)
Vehicles	(636,487)	(30,672)	26,800	(640,359)
Infrastructure	(565,391)	(53,418)	0	(618,809)
Total accumulated depreciation	(3,608,649)	(202,419)	26,800	(3,784,268)
Total depreciable assets, net	2,303,571	77,326	0	2,380,897
Governmental activities capital assets, net	<u>\$ 2,765,463</u>	<u>\$ 128,020</u>	<u>\$ 0</u>	<u>\$ 2,893,483</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 142,816	\$ 0	\$ 0	\$ 142,816
Construction in progress	13,070	568,349	0	581,419
Total non-depreciable assets	155,886	568,349	0	724,235
Depreciable assets				
Land improvements	15,656	0	0	15,656
Water and sewer distribution system	16,158,759	17,979	0	16,176,738
Gas distribution system	2,055,461	40,453	0	2,095,914
Buildings	205,008	0	0	205,008
Vehicles, machinery and equipment	806,014	63,527	0	869,541
Total depreciable assets	19,240,898	121,959	0	19,362,857
Accumulated depreciation				
Land improvements	(15,656)	0	0	(15,656)
Water and sewer distribution system	(3,718,649)	(221,066)	0	(3,939,715)
Gas distribution system	(594,448)	(40,288)	0	(634,736)
Buildings	(202,542)	(493)	0	(203,035)
Vehicles, machinery and equipment	(695,736)	(55,918)	0	(751,654)
Total accumulated depreciation	(5,227,031)	(317,765)	0	(5,544,796)
Total depreciable assets, net	14,013,867	(195,806)	0	13,818,061
Business-type activities capital assets, net	<u>\$ 14,169,753</u>	<u>\$ 372,543</u>	<u>\$ 0</u>	<u>\$ 14,542,296</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**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>
<b>Tallapoosa Development Authority</b>				
Nondepreciable assets				
Land	<u>\$ 44,848</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,848</u>
<b>Tallapoosa Recreational Authority</b>				
Nondepreciable assets				
Land	<u>\$ 1,733,846</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,733,846</u>
<b>Tallapoosa Downtown Development Authority</b>				
Nondepreciable assets				
Land	<u>\$ 10,504</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,504</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 52,438
Public Safety	44,823
Public Works	61,489
Culture and Recreation	<u>43,669</u>
Total depreciation expense for governmental activities	<u>\$ 202,419</u>

**Business-type activities**

Water and Sewer	\$ 232,037
Gas	49,235
Golf	<u>36,493</u>
Total depreciation expense for business-type activities	<u>\$ 317,765</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**9. Capital Lease Agreements**

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of capital leases as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balance of the leases at the end of the current fiscal year is \$42,036 for the business-type activities.

Total assets leased under the capital leases totaled \$162,491 for the business-type activities. Total accumulated depreciation on assets leased under the capital lease is \$92,525 for business-type activities. The assets are included in vehicles, machinery and equipment.

Amortization of leased equipment under capital leases is included with depreciation expense and totaled \$32,498 for the current fiscal year.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of the end of the current fiscal year:

<b>Fiscal Year Ending</b>	<b>Business-type</b>
<b>August 31,</b>	<b>Activities</b>
2020	\$ 31,270
2021	5,631
2022	5,631
2023	988
Total minimum lease payments	43,520
Less amounts representing interest	(1,484)
Present value of minimum lease payments	<u>\$ 42,036</u>

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**10. 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 – 2000-L58-WJ:** The original amount of the loan was \$581,790 with a 3.4% interest rate.

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

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

**Georgia Environmental Facilities Authority Note Payable – Water and Sewer Fund – CWSRF-13-011:** The modified amount of the loan is \$3,545,000 of which \$3,232,223 has been drawn down to date. The construction rate and permanent rate is 1.4%. Repayment is expected to begin June 1, 2020 and the maturity schedule below includes this note.

**Georgia Environmental Facilities Authority Notes Payable – Water and Sewer Fund – DW14-009:** The original amount of the loan is \$1,267,000 of which \$953,833 has been drawn down to date. The construction rate and permanent rate is 1.32%. Repayment is expected to begin March 1, 2020 and the maturity schedule below includes this note.

On December 9, 2019, the City modified DW14-009 to increase the amount of the loan from \$1,267,000 to \$1,311,000.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**10. Long-Term Liabilities (continued)**

**Notes from Direct Borrowings, continued**

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

<b>Fiscal Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 201,763	\$ 74,983	\$ 276,746
2021	325,336	107,517	432,853
2022	302,838	99,882	402,720
2023	310,250	92,469	402,719
2024	317,867	84,853	402,720
2025-2029	1,713,226	300,371	2,013,597
2030-2034	1,204,880	136,025	1,340,905
2035-2039	1,146,201	52,172	1,198,373
2040	165,270	912	166,182
<b>Totals</b>	<b>\$ 5,687,631</b>	<b>\$ 949,184</b>	<b>\$ 6,636,815</b>

**Changes in Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Compensated absences	\$ 36,243	\$ 36,489	\$ 36,243	\$ 36,489	\$ 36,489
<b>Business-type Activities</b>					
Notes from direct borrowings	\$ 5,304,403	\$ 523,520	\$ 140,292	\$ 5,687,631	\$ 201,763
Capital lease obligations	61,868	21,252	41,084	42,036	30,281
Compensated absences	28,243	27,573	28,243	27,573	27,573
<b>Total Business-type Activities</b>	<b>\$ 5,394,514</b>	<b>\$ 572,345</b>	<b>\$ 209,619</b>	<b>\$ 5,757,240</b>	<b>\$ 259,617</b>

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 \$119,305.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**11. Conduit Debt**

***Tallapoosa Development Authority***

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

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.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**12. Restricted, Committed, and Assigned Fund Balances**

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

	General	Urban Development Action Grant	2010 SPLOST	2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted for:</b>						
Law enforcement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61	\$ 61
Urban development	0	679,702	0	0	0	679,702
Capital outlay	122,252	0	117,635	489,719	378,962	1,108,568
	<u>\$ 122,252</u>	<u>\$ 679,702</u>	<u>\$ 117,635</u>	<u>\$ 489,719</u>	<u>\$ 379,023</u>	<u>\$ 1,788,331</u>
<b>Committed for:</b>						
Museum operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,741	\$ 3,741
Community planning	0	0	0	0	1,437	1,437
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,178</u>	<u>\$ 5,178</u>

**13. Net Investment in Capital Assets**

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

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 6,677,751	\$ 20,087,092
Accumulated depreciation	(3,784,268)	(5,544,796)
Book value	2,893,483	14,542,296
Capital-related accounts payable	(28,805)	(102,707)
Retainage payable	0	(27,142)
Notes payable	0	(5,687,631)
Capital lease payable	0	(42,036)
Unspent note proceeds	0	12,701
Net investment in capital assets	<u>\$ 2,864,678</u>	<u>\$ 8,695,481</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**14. 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, 2019, the date of the most recent actuarial valuation, there were 76 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	25
Terminated vested participants entitled to but not yet receiving benefits	16
Active participants	35
Total number of participants	<u>76</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**14. 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 \$105,780, or 7.43% of covered payroll.

*Pension 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 liability of \$71,582. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. For the current fiscal year, the City recognized pension expense of (\$57,218). 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,906	\$ (122,987)
Changes of assumptions	40,806	0
Net difference between projected and actual earnings on pension plan investments	0	(258,445)
City contributions subsequent to the measurement date	96,965	0
Totals	<u><u>\$ 142,677</u></u>	<u><u>\$ (381,432)</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**14. Pension Plan (continued)**

The \$96,965 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:

<b>Fiscal Year Ending August 31</b>	
2020	\$ (113,769)
2021	(102,940)
2022	(97,561)
2023	(21,450)
Totals	<u>\$ (335,720)</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The mortality and other actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**14. 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, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**14. Pension Plan (continued)**

*Changes in Net Pension Liability (Asset)*

	<b>Total Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at September 30, 2017</b>	<b>\$ 4,699,615</b>	<b>\$ 4,418,360</b>	<b>\$ 281,255</b>
<b>Changes for the year:</b>			
Service cost	44,684	0	44,684
Interest	347,257	0	347,257
Differences between expected and actual experience	(76,694)	0	(76,694)
Contributions—employer	0	105,217	(105,217)
Net investment income	0	433,491	(433,491)
Benefit payments, including refunds of employee contributions	(228,399)	(228,399)	0
Administrative expense	0	(13,788)	13,788
<b>Net changes</b>	<b>86,848</b>	<b>296,521</b>	<b>(209,673)</b>
<b>Balances at September 30, 2018</b>	<b>\$ 4,786,463</b>	<b>\$ 4,714,881</b>	<b>\$ 71,582</b>

Plan fiduciary net position as a percentage of the total pension liability	98.50%
Covered payroll	\$ 1,406,648
Net pension liability as a percentage of covered payroll	5.09%

*Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<b>Discount Rate</b>	<b>Net Pension Liability (Asset)</b>
1% decrease	6.50%	\$ 601,777
Current discount rate	7.50%	71,582
1% increase	8.50%	(376,977)

*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, 2019**

**15. Hotel/Motel Lodging Tax**

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

Lodging tax receipts	\$ 25,603	
Disbursements and transfers	\$ 10,167	40% of tax receipts

**16. Tax Abatements**

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

For the current fiscal year, City of Tallapoosa property taxes were abated totaling \$495,675 under this program through authorities as follows: \$462,280 through the Tallapoosa Development Authority and \$33,395 under this program through the Haralson County Development Authority.

**17. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During the current fiscal year, the city paid \$3,155 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, 2019**

**17. Joint Ventures (continued)**

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

**18. Related Organizations**

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

**19. Risk Management**

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

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**19. Risk Management (continued)**

To select a person to serve as a Member representative.

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

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

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

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

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

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

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**19. Risk Management (continued)**

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

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

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

**20. Commitments and Contingencies**

**Commitments**

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

<b>Project</b>	<b>Amount Expended to Date</b>	<b>Remaining Commitment</b>
Wastewater Rehabilitation Project	\$ 380,161	\$ 62,674
Water System Improvements - New Water Lines	748,075	11,562
Totals	<u>\$ 1,128,236</u>	<u>\$ 74,236</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**August 31, 2019**

**20. Commitments and Contingencies (continued)**

**Contingencies**

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

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

**21. Subsequent Events**

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 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.

**22. New Accounting Pronouncements**

The City implemented Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The requirements of this statement are effective for periods beginning after June 15, 2018.

***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, 2019**  
**(Unaudited)**

	Fiscal Year End				
	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 44,684	\$ 45,446	\$ 49,861	\$ 49,101	\$ 55,570
Interest	347,257	337,085	342,267	326,813	324,513
Differences between expected and actual experience	(76,694)	(5,738)	(250,378)	24,528	(121,811)
Changes of assumptions	0	81,613	0	0	(38,829)
Benefit payments, including refunds of employee contributions	(228,399)	(216,556)	(200,672)	(201,388)	(178,144)
Net change in total pension liability	86,848	241,850	(58,922)	199,054	41,299
Total pension liability - beginning	4,699,615	4,457,765	4,516,687	4,317,633	4,276,334
<b>Total pension liability - ending (a)</b>	<b>\$ 4,786,463</b>	<b>\$ 4,699,615</b>	<b>\$ 4,457,765</b>	<b>\$ 4,516,687</b>	<b>\$ 4,317,633</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 105,217	\$ 145,536	\$ 155,578	\$ 200,375	\$ 257,851
Net investment income	433,491	585,096	396,794	40,135	358,931
Benefit payments, including refunds of employee contributions	(228,399)	(216,556)	(200,672)	(201,388)	(178,144)
Administrative expense	(13,788)	(14,933)	(8,361)	(9,684)	(7,513)
Net change in plan fiduciary net position	296,521	499,143	343,339	29,438	431,125
Plan fiduciary net position - beginning	4,418,360	3,919,217	3,575,878	3,546,440	3,115,315
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,714,881</b>	<b>\$ 4,418,360</b>	<b>\$ 3,919,217</b>	<b>\$ 3,575,878</b>	<b>\$ 3,546,440</b>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<b>\$ 71,582</b>	<b>\$ 281,255</b>	<b>\$ 538,548</b>	<b>\$ 940,809</b>	<b>\$ 771,193</b>
Plan's fiduciary net position as a percentage of the total pension liability	98.50%	94.02%	87.92%	79.17%	82.14%
Covered payroll	\$ 1,406,648	\$ 1,324,089	\$ 1,314,431	\$ 1,362,102	\$ 1,254,372
Net pension liability as a percentage of covered payroll	5.09%	21.24%	40.97%	69.07%	61.48%

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

**CITY OF TALLAPOOSA, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2019**  
**(Unaudited)**

	<b>Fiscal Year End</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 105,780	\$ 105,166	\$ 149,206	\$ 156,157	\$ 204,395
Contributions in relation to the actuarially determined contribution	<u>(105,780)</u>	<u>(105,166)</u>	<u>(149,206)</u>	<u>(156,157)</u>	<u>(204,395)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,424,229	\$ 1,478,999	\$ 1,325,373	\$ 1,342,761	\$ 1,349,856
Contributions as a percentage of covered payroll	7.43%	7.11%	11.26%	11.63%	15.14%

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**August 31, 2019**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2019, 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, 2020.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

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

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

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service based merit increases

Cost of living adjustments = 2.50%

Retirement age for inactive vested participants = 65

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

**3. Changes in Benefits**

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

**CITY OF TALLAPOOSA, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**August 31, 2019**

**4. Changes of Assumptions**

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

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

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

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***COMBINING STATEMENTS***

***Nonmajor Governmental Funds***

**CITY OF TALLAPOOSA, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2019**

	Special Revenue				Capital Projects	
	Museum	Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax	2018 TSPLOST	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,741	\$ 1,437	\$ 61	\$ 0	\$ 350,059	\$ 355,298
Taxes receivable	0	0	0	1,899	28,903	30,802
<b>Total assets</b>	<u>\$ 3,741</u>	<u>\$ 1,437</u>	<u>\$ 61</u>	<u>\$ 1,899</u>	<u>\$ 378,962</u>	<u>\$ 386,100</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 760	\$ 0	\$ 760
Due to other funds	0	0	0	1,139	0	1,139
<b>Total liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,899</u>	<u>0</u>	<u>1,899</u>
<b>Fund balances</b>						
Restricted for:						
Law enforcement	0	0	61	0	0	61
Capital outlay	0	0	0	0	378,962	378,962
Committed for:						
Museum operations	3,741	0	0	0	0	3,741
Community planning	0	1,437	0	0	0	1,437
<b>Total fund balances</b>	<u>3,741</u>	<u>1,437</u>	<u>61</u>	<u>0</u>	<u>378,962</u>	<u>384,201</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,741</u>	<u>\$ 1,437</u>	<u>\$ 61</u>	<u>\$ 1,899</u>	<u>\$ 378,962</u>	<u>\$ 386,100</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, 2019**

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Museum	Tallapoosa Community Planning Committee	Drug Forfeiture	Hotel/Motel Tax	2018 TSPLOST	
<b>REVENUES</b>						
Taxes	\$ 0	\$ 0	\$ 0	\$ 25,603	\$ 315,350	\$ 340,953
Charges for services	6,237	0	0	0	0	6,237
Interest	0	1	0	0	0	1
<b>Total revenues</b>	<u>6,237</u>	<u>1</u>	<u>0</u>	<u>25,603</u>	<u>315,350</u>	<u>347,191</u>
<b>EXPENDITURES</b>						
Current						
Culture and Recreation	8,505	0	0	0	0	8,505
Housing and Development	0	0	0	10,167	0	10,167
Capital outlay	0	0	0	0	56,510	56,510
<b>Total expenditures</b>	<u>8,505</u>	<u>0</u>	<u>0</u>	<u>10,167</u>	<u>56,510</u>	<u>75,182</u>
Excess (deficiency) of revenues over (under) expenditures	(2,268)	1	0	15,436	258,840	272,009
Other financing sources (uses)						
Transfers out	0	0	0	(15,436)	0	(15,436)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,268)	1	0	0	258,840	256,573
Fund balances, September 1	6,009	1,436	61	0	120,122	127,628
<b>Fund balances, August 31</b>	<u>\$ 3,741</u>	<u>\$ 1,437</u>	<u>\$ 61</u>	<u>\$ 0</u>	<u>\$ 378,962</u>	<u>\$ 384,201</u>

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### ***GENERAL FUND***

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

**CITY OF TALLAPOOSA, GEORGIA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,371,854	\$ 1,820,153
Certificates of deposit	138,965	135,761
Receivables (net)		
Accounts	13,789	7,411
Intergovernmental	4,120	93,000
Taxes	90,636	92,242
Due from other funds	4,739	5,075
Advances to other funds	92,805	92,805
Prepaid items	45,517	49,049
<b>Total assets</b>	<b>\$ 2,762,425</b>	<b>\$ 2,295,496</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 106,564	\$ 88,785
Intergovernmental payables	17,805	17,805
Accrued liabilities	2,962	523
<b>Total liabilities</b>	<b>127,331</b>	<b>107,113</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	10,154	14,279
<b>FUND BALANCES</b>		
Nonspendable:		
Advances to other funds	92,805	92,805
Prepaid items	45,517	49,049
Restricted for capital outlay	122,252	75,731
Unassigned	2,364,366	1,956,519
<b>Total fund balances</b>	<b>2,624,940</b>	<b>2,174,104</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,762,425</b>	<b>\$ 2,295,496</b>

**CITY OF TALLAPOOSA, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2019 and 2018*

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Taxes	\$ 2,337,614	\$ 2,189,765
Licenses and permits	20,916	20,430
Fines, fees and forfeitures	158,290	111,136
Charges for services	55,604	65,108
Intergovernmental	100,434	203,552
Interest	3,255	861
Contributions	74,918	34,161
Other	20,478	25,295
<b>Total revenues</b>	<u>2,771,509</u>	<u>2,650,308</u>
<b>EXPENDITURES</b>		
Current		
General Government	391,383	388,988
Public Safety	1,206,643	1,140,101
Public Works	479,919	293,136
Health and Welfare	52,910	52,562
Culture and Recreation	451,301	579,780
<b>Total expenditures</b>	<u>2,582,156</u>	<u>2,454,567</u>
Excess of revenues over expenditures	<u>189,353</u>	<u>195,741</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	15,436	14,034
Water and Sewer Fund	214,585	112,341
Gas Fund	192,519	359,198
Sanitation Fund	44,238	44,462
Golf Fund	(226,357)	(201,182)
Proceeds from sale of assets	21,062	0
<b>Total other financing sources (uses)</b>	<u>261,483</u>	<u>328,853</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	450,836	524,594
Fund balances, September 1	<u>2,174,104</u>	<u>1,649,510</u>
<b>Fund balances, August 31</b>	<u><u>\$ 2,624,940</u></u>	<u><u>\$ 2,174,104</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Real and personal tax	\$ 856,278	\$ 824,566	\$ (31,712)	\$ 794,918
Motor vehicle tax	145,114	134,222	(10,892)	139,642
Mobile home tax	406	367	(39)	383
Cost, penalties and interest	6,466	6,235	(231)	6,112
Total general property taxes	1,008,264	965,390	(42,874)	941,055
Local option sales tax	595,508	649,542	54,034	567,405
Franchise tax	348,422	349,800	1,378	328,486
Insurance premium tax	223,533	227,425	3,892	210,881
Intangibles tax	10,812	9,541	(1,271)	10,294
Beer and wine tax	70,066	73,690	3,624	64,694
Occupational tax	46,046	45,827	(219)	45,276
Energy excise tax	22,896	16,399	(6,497)	21,674
Total taxes	2,325,547	2,337,614	12,067	2,189,765
<b>Licenses and permits</b>				
Alcohol licenses	10,600	11,375	775	10,075
Building permits	9,964	9,441	(523)	9,455
Other permits	954	100	(854)	900
Total licenses and permits	21,518	20,916	(602)	20,430
<b>Fines, fees and forfeitures</b>	188,310	158,290	(30,020)	111,136
<b>Charges for Services</b>				
Cemetery charges	4,800	4,800	0	2,200
Senior center charges	13,268	5,951	(7,317)	11,004
Recreation fees	127,386	44,529	(82,857)	51,904
Other charges for services	446	324	(122)	0
Total charges for services	145,900	55,604	(90,296)	65,108
<b>Intergovernmental</b>	91,642	100,434	8,792	203,552
<b>Interest</b>	31	3,255	3,224	861
<b>Contributions</b>	29,252	74,918	45,666	34,161
<b>Other</b>				
Rental Income	5,764	3,250	(2,514)	3,750
Miscellaneous	28,561	17,228	(11,333)	21,545
Total other	34,325	20,478	(13,847)	25,295
<b>Total revenues</b>	<u>\$ 2,836,525</u>	<u>\$ 2,771,509</u>	<u>\$ (65,016)</u>	<u>\$ 2,650,308</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Administration				
Personal services	\$ 236,961	\$ 202,213	\$ 34,748	\$ 199,368
Contract services	49,534	45,294	4,240	42,427
Materials and supplies	28,691	36,655	(7,964)	25,856
Capital outlay	10,528	3,500	7,028	8,353
Total Administration	325,714	287,662	38,052	276,004
Mayor and Council				
Personal services	32,254	32,514	(260)	31,939
Contract services	56,536	47,678	8,858	58,198
Total Mayor and Council	88,790	80,192	8,598	90,137
Other General Government				
Personal services	26,162	23,529	2,633	22,778
Contract services	78	0	78	69
Total Other General Government	26,240	23,529	2,711	22,847
Total General Government	440,744	391,383	49,361	388,988
<b>Public Safety</b>				
Police Department				
Personal services	907,612	783,521	124,091	778,056
Contract services	62,216	82,445	(20,229)	59,911
Materials and supplies	63,482	84,745	(21,263)	63,660
Capital outlay	3,360	24,330	(20,970)	0
Total Police Department	1,036,670	975,041	61,629	901,627
Fire Department				
Personal services	1,428	2,946	(1,518)	24,819
Contract services	251,452	228,622	22,830	211,935
Materials and supplies	357	34	323	1,720
Total Fire Department	253,237	231,602	21,635	238,474
Total Public Safety	1,289,907	1,206,643	83,264	1,140,101
<b>Public Works</b>				
Highways and Streets				
Personal services	146,288	104,322	41,966	85,046
Contract services	106,590	74,974	31,616	67,038
Materials and supplies	193,595	143,353	50,242	122,978
Capital outlay	14,355	123,805	(109,450)	0
Total Highways and Streets	460,828	446,454	14,374	275,062

**CITY OF TALLAPOOSA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>Public Works, continued</b>				
Cemetery				
Personal services	\$ 16,154	\$ 7,606	\$ 8,548	\$ 7,496
Contract services	7,035	4,791	2,244	3,103
Materials and supplies	1,508	2,679	(1,171)	1,715
Capital outlay	14,070	18,389	(4,319)	5,760
Total Cemetery	38,767	33,465	5,302	18,074
Total Public Works	499,595	479,919	19,676	293,136
<b>Health and Welfare</b>				
Senior Center				
Personal services	34,477	28,664	5,813	29,906
Contract services	8,516	9,291	(775)	7,310
Materials and supplies	17,214	14,955	2,259	15,346
Capital outlay	570	0	570	0
Total Senior Center	60,777	52,910	7,867	52,562
Total Health and Welfare	60,777	52,910	7,867	52,562
<b>Culture and Recreation</b>				
Recreation				
Personal services	139,353	98,239	41,114	104,500
Contract services	66,542	58,900	7,642	45,767
Materials and supplies	86,436	73,273	13,163	77,353
Capital outlay	17,388	38,527	(21,139)	184,500
Total Recreation	309,719	268,939	40,780	412,120
Museum				
Personal services	28,435	25,550	2,885	22,966
Contract services	11,729	10,492	1,237	9,680
Materials and supplies	20,646	19,250	1,396	18,719
Total Museum	60,810	55,292	5,518	51,365
Library				
Personal services	106,385	89,854	16,531	87,388
Contract services	11,402	17,701	(6,299)	8,678
Materials and supplies	23,075	19,515	3,560	20,229
Capital outlay	339	0	339	0
Total Library	141,201	127,070	14,131	116,295
Total Culture and Recreation	511,730	451,301	60,429	579,780
Total Expenditures	\$ 2,802,753	\$ 2,582,156	\$ 220,597	\$ 2,454,567

### ***SPECIAL REVENUE FUNDS***

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

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

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

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**MUSEUM**  
**SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$      3,741	\$      6,009
<b>Total assets</b>	<u>\$      3,741</u>	<u>\$      6,009</u>
 <b>FUND BALANCES</b>		
Committed for museum operations	\$      3,741	\$      6,009
<b>Total liabilities and fund balances</b>	<u>\$      3,741</u>	<u>\$      6,009</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**MUSEUM**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Charges for services	\$ 9,000	\$ 6,237	\$ (2,763)	\$ 5,753
<b>Total revenues</b>	<u>9,000</u>	<u>6,237</u>	<u>(2,763)</u>	<u>5,753</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Contract services	4,475	3,649	826	2,608
Materials and supplies	4,525	4,856	(331)	1,110
<b>Total expenditures</b>	<u>9,000</u>	<u>8,505</u>	<u>495</u>	<u>3,718</u>
Excess (deficiency) of revenues over (under) expenditures	0	(2,268)	(2,268)	2,035
Fund balances, September 1	<u>0</u>	<u>6,009</u>	<u>6,009</u>	<u>3,974</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 3,741</u></u>	<u><u>\$ 3,741</u></u>	<u><u>\$ 6,009</u></u>

**CITY OF TALLAPOOSA, GEORGIA  
TALLAPOOSA COMMUNITY PLANNING COMMITTEE  
SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,437	\$ 1,436
<b>Total assets</b>	<u>\$ 1,437</u>	<u>\$ 1,436</u>
<b>FUND BALANCES</b>		
Committed for community planning	\$ 1,437	\$ 1,436
<b>Total liabilities and fund balances</b>	<u>\$ 1,437</u>	<u>\$ 1,436</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, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Interest	\$ 1	\$ 1	\$ 0	\$ 0
<b>Total revenues</b>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	1	1	0
Fund balances, September 1	<u>0</u>	<u>1,436</u>	<u>1,436</u>	<u>1,436</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 1,437</u></u>	<u><u>\$ 1,437</u></u>	<u><u>\$ 1,436</u></u>

**CITY OF TALLAPOOSA, GEORGIA  
 DRUG FORFEITURE  
 SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$         61</u>	<u>\$         61</u>
<b>Total assets</b>	<u><u>\$         61</u></u>	<u><u>\$         61</u></u>
 <b>FUND BALANCES</b>		
Restricted for law enforcement	<u>\$         61</u>	<u>\$         61</u>
<b>Total liabilities and fund balances</b>	<u><u>\$         61</u></u>	<u><u>\$         61</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, 2019  
(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>EXPENDITURES</b>	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, September 1	0	61	61	61
<b>Fund balances, August 31</b>	<u>\$ 0</u>	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 61</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**HOTEL/MOTEL TAX**  
**SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Taxes receivable	\$ 1,899	\$ 2,458
<b>Total assets</b>	<u>\$ 1,899</u>	<u>\$ 2,458</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 760	\$ 983
Due to other funds	<u>1,139</u>	<u>1,475</u>
Total liabilities	<u>1,899</u>	<u>2,458</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,899</u>	<u>\$ 2,458</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, 2019**  
**(With comparative actual amounts for the fiscal year ended August 31, 2018)**

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Taxes	\$ 23,832	\$ 25,603	\$ 1,771	\$ 23,198
<b>Total revenues</b>	<u>23,832</u>	<u>25,603</u>	<u>1,771</u>	<u>23,198</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Payments to others	<u>23,832</u>	<u>10,167</u>	<u>13,665</u>	<u>9,164</u>
<b>Total expenditures</b>	<u>23,832</u>	<u>10,167</u>	<u>13,665</u>	<u>9,164</u>
Excess (deficiency) of revenues over (under) expenditures	0	15,436	15,436	14,034
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>(15,436)</u>	<u>(15,436)</u>	<u>(14,034)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, September 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<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  
COMPARATIVE BALANCE SHEETS  
August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 105,172	\$ 105,120
Certificates of deposit	<u>667,335</u>	<u>666,128</u>
<b>Total assets</b>	<u><u>\$ 772,507</u></u>	<u><u>\$ 771,248</u></u>
<b>LIABILITIES</b>		
Advances from other funds	\$ 92,805	\$ 92,805
<b>FUND BALANCES</b>		
Restricted for urban development	<u>679,702</u>	<u>678,443</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 772,507</u></u>	<u><u>\$ 771,248</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, 2019**  
*(With comparative actual amounts for the fiscal year ended August 31, 2018)*

	2019			2018
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Interest	\$ 519	\$ 1,259	\$ 740	\$ 1,251
<b>Total revenues</b>	519	1,259	740	1,251
<b>EXPENDITURES</b>	519	0	519	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,259	1,259	1,251
Fund balances, September 1	0	678,443	678,443	677,192
<b>Fund balances, August 31</b>	<u>\$ 0</u>	<u>\$ 679,702</u>	<u>\$ 679,702</u>	<u>\$ 678,443</u>

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### ***CAPITAL PROJECTS FUNDS***

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

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

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

2018 TSPLOST - Used to account for projects financed by the passage of the Haralson County, Georgia 2018 transportation special purpose local option sales tax.

**CITY OF TALLAPOOSA, GEORGIA**  
**2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 118,835	\$ 1,278
Due from other funds	<u>0</u>	<u>117,557</u>
<b>Total assets</b>	<u><u>\$ 118,835</u></u>	<u><u>\$ 118,835</u></u>
<b>LIABILITIES</b>		
Due to other funds	\$ 1,200	\$ 1,200
<b>FUND BALANCES</b>		
Restricted for capital outlay	<u>117,635</u>	<u>117,635</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 118,835</u></u>	<u><u>\$ 118,835</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>	\$ 0	\$ 0
<b>EXPENDITURES</b>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0
Fund balances, September 1	<u>117,635</u>	<u>117,635</u>
<b>Fund balances, August 31</b>	<u><u>\$ 117,635</u></u>	<u><u>\$ 117,635</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 878,944	\$ 920,518
Intergovernmental receivables	<u>105,386</u>	<u>88,362</u>
<b>Total assets</b>	<u><u>\$ 984,330</u></u>	<u><u>\$ 1,008,880</u></u>
<b>LIABILITIES</b>		
Due to other funds	\$ 494,611	\$ 612,168
<b>FUND BALANCES</b>		
Restricted for capital outlay	<u>489,719</u>	<u>396,712</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 984,330</u></u>	<u><u>\$ 1,008,880</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**2015 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the fiscal years ended August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Intergovernmental	\$ 403,436	\$ 341,502
Interest	479	392
Total revenues	<u>403,915</u>	<u>341,894</u>
<b>EXPENDITURES</b>		
Capital outlay		
Public Safety	39,742	33,566
Public Works	25,636	0
Total expenditures	<u>65,378</u>	<u>33,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>338,537</u>	<u>308,328</u>
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	(203,256)	(203,256)
Gas Fund	(42,274)	0
Total other financing sources (uses)	<u>(245,530)</u>	<u>(203,256)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	93,007	105,072
Fund balances, September 1	<u>396,712</u>	<u>291,640</u>
<b>Fund balances, August 31</b>	<u><u>\$ 489,719</u></u>	<u><u>\$ 396,712</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**2018 TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 350,059	\$ 95,744
Taxes receivable	<u>28,903</u>	<u>24,378</u>
<b>Total assets</b>	<u><u>\$ 378,962</u></u>	<u><u>\$ 120,122</u></u>
<b>FUND BALANCES</b>		
Restricted for capital outlay	<u>\$ 378,962</u>	<u>120,122</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 378,962</u></u>	<u><u>\$ 120,122</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**2018 TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Taxes	\$ 315,350	\$ 120,122
Total revenues	<u>315,350</u>	<u>120,122</u>
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	<u>56,510</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	258,840	120,122
Fund balances, September 1	<u>120,122</u>	<u>0</u>
<b>Fund balances, August 31</b>	<u><u>\$ 378,962</u></u>	<u><u>\$ 120,122</u></u>

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## ***ENTERPRISE FUNDS***

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

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

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

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable (net)	\$ 223,653	\$ 189,335
Intergovernmental receivable	129,849	24,771
Due from other funds	492,211	609,768
Inventory	5,000	5,000
Prepaid items	8,727	10,357
Total current assets	<u>859,440</u>	<u>839,231</u>
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	67,629	65,224
Debt redemption		
Cash and cash equivalents	2,698	2,698
Certificates of deposit	1,143,438	1,133,281
Construction fund		
Cash and cash equivalents	12,701	12,700
Total restricted assets	<u>1,226,466</u>	<u>1,213,903</u>
<b>Capital assets</b>		
Nondepreciable	581,419	13,070
Depreciable (net)	12,245,128	12,459,185
Total capital assets (net of accumulated depreciation)	<u>12,826,547</u>	<u>12,472,255</u>
<b>Total assets</b>	<u>14,912,453</u>	<u>14,525,389</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pension	<u>19,390</u>	<u>18,922</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	193,759	106,441
Retainage payable	27,142	2,000
Due to other funds	0	117,557
Compensated absences	8,969	5,688
Total current liabilities	<u>229,870</u>	<u>231,686</u>
<b>Current liabilities payable from restricted assets</b>		
Customer deposits payable	67,629	65,224
Accrued interest payable	9,754	9,800
Notes payable	201,763	140,291
Total current liabilities payable from restricted assets	<u>279,146</u>	<u>215,315</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Noncurrent liabilities</b>		
Net pension liability	\$ 2,041	\$ 26,264
Notes payable	<u>5,485,868</u>	<u>5,164,112</u>
Total noncurrent liabilities	<u>5,487,909</u>	<u>5,190,376</u>
<b>Total liabilities</b>	<u>5,996,925</u>	<u>5,637,377</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension	<u>48,651</u>	<u>45,156</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,021,768	7,155,781
Restricted for debt service	1,136,382	1,126,179
Unrestricted	<u>728,117</u>	<u>579,818</u>
<b>Total net position</b>	<u><u>\$ 8,886,267</u></u>	<u><u>\$ 8,861,778</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water charges	\$ 914,885	\$ 731,732
Sewer charges	671,211	635,759
Tap fees	3,842	3,950
Other	6,656	6,580
<b>Total operating revenues</b>	<u>1,596,594</u>	<u>1,378,021</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	933,158	858,600
Personal services	333,619	290,202
Depreciation	232,037	228,441
<b>Total operating expenses</b>	<u>1,498,814</u>	<u>1,377,243</u>
Operating income (loss)	<u>97,780</u>	<u>778</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	44,828	22,764
Interest revenue	10,159	3,726
Interest expense	(116,949)	(117,516)
<b>Total non-operating revenues (expenses)</b>	<u>(61,962)</u>	<u>(91,026)</u>
Net income (loss) before transfers	<u>35,818</u>	<u>(90,248)</u>
Transfers in (out)		
General Fund	(214,585)	(112,341)
2015 SPLOST Fund	203,256	203,256
<b>Total transfers in (out)</b>	<u>(11,329)</u>	<u>90,915</u>
Change in net position	24,489	667
Net position, September 1	<u>8,861,778</u>	<u>8,861,111</u>
<b>Net position, August 31</b>	<u><u>\$ 8,886,267</u></u>	<u><u>\$ 8,861,778</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,558,025	\$ 1,370,006
Payments to suppliers	(924,146)	(847,452)
Payments to employees	(351,534)	(302,163)
Other receipts	6,656	6,580
	<u>289,001</u>	<u>226,971</u>
<b>Net cash provided (used) by operating activities</b>		
	<u>289,001</u>	<u>226,971</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(214,585)	(112,341)
	<u>(214,585)</u>	<u>(112,341)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other funds	320,813	320,813
Payments to other funds	(117,557)	(203,256)
Receipts from other governments	37,334	47,181
Payments for acquisitions of capital assets	(456,480)	(78,971)
Payment of capital related accounts payable	(22,771)	(161,099)
Payment of retainage payable	(2,000)	(29,785)
Proceeds from promissory notes	425,936	222,674
Principal payments - promissory notes	(140,292)	(134,962)
Interest paid	(116,995)	(117,702)
	<u>(72,012)</u>	<u>(135,107)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
	<u>(72,012)</u>	<u>(135,107)</u>
<b>Cash flows from investing activities:</b>		
Purchases of certificates of deposit	(10,157)	(3,706)
Interest received	10,159	3,726
	<u>2</u>	<u>20</u>
<b>Net cash provided (used) by investing activities</b>		
	<u>2</u>	<u>20</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,406	(20,457)
<b>Cash and cash equivalents, September 1</b>	80,622	101,079
	<u>80,622</u>	<u>101,079</u>
<b>Cash and cash equivalents, August 31</b>	<u>\$ 83,028</u>	<u>\$ 80,622</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 97,780	\$ 778
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	232,037	228,441
(Increase) decrease in accounts receivable	(34,318)	(5,669)
(Increase) decrease in prepaid items	1,630	5,576
(Increase) decrease in deferred outflows of resources - pension	(468)	4,587
Increase (decrease) in accounts payable	7,382	6,818
Increase (decrease) in accrued liabilities	0	(1,246)
Increase (decrease) in customer deposits payable	2,405	4,234
Increase (decrease) in compensated absences	3,281	3,949
Increase (decrease) in net pension liability	(24,223)	(29,232)
Increase (decrease) in deferred inflows of resources - pension	3,495	8,735
Total adjustments	<u>191,221</u>	<u>226,193</u>
Net cash provided (used) by operating activities	<u>\$ 289,001</u>	<u>\$ 226,971</u>
<b>Cash and cash equivalents reconciliation:</b>		
Restricted for:		
Customer deposits		
Cash and cash equivalents	\$ 67,629	\$ 65,224
Debt redemption		
Cash and cash equivalents	2,698	2,698
Construction fund		
Cash and cash equivalents	<u>12,701</u>	<u>12,700</u>
Total cash and cash equivalents	<u>\$ 83,028</u>	<u>\$ 80,622</u>

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through capital-related payables totaled \$129,849 and \$24,771 for the fiscal years ended August 31, 2019 and 2018, respectively.

Increase in notes payable through intergovernmental receivable totaled \$117,839 and \$20,255 for the fiscal years ended August 31, 2019 and 2018, respectively.

**CITY OF TALLAPOOSA, GEORGIA**  
**GAS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 18,207	\$ 19,094
Certificates of deposit	259,525	259,056
Accounts receivable (net)	101,285	112,319
Inventory	97,911	78,370
Prepaid items	4,920	5,178
Total current assets	<u>481,848</u>	<u>474,017</u>
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	9,798	8,897
Certificates of deposit	41,167	40,218
Total restricted assets	<u>50,965</u>	<u>49,115</u>
<b>Capital assets</b>		
Depreciable (net)	1,496,972	1,463,480
<b>Total assets</b>	<u>2,029,785</u>	<u>1,986,612</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pension	<u>29,784</u>	<u>35,762</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	37,661	31,771
Accrued liabilities	0	2,061
Compensated absences	16,318	19,486
Total current liabilities	53,979	53,318
<b>Current liabilities payable from restricted assets</b>		
Customer deposits payable	50,965	49,115
<b>Noncurrent liabilities</b>		
Net pension liability	22,654	66,368
<b>Total liabilities</b>	<u>127,598</u>	<u>168,801</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension	<u>76,566</u>	<u>72,231</u>
<b>NET POSITION</b>		
Investment in capital assets	1,496,972	1,463,480
Unrestricted	358,433	317,862
<b>Total net position</b>	<u>\$ 1,855,405</u>	<u>\$ 1,781,342</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GAS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Gas charges	\$ 1,461,375	\$ 1,710,576
Tap fees	500	1,000
Other	29,288	27,962
<b>Total operating revenues</b>	<u>1,491,163</u>	<u>1,739,538</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	830,277	769,057
Personal services	388,775	374,687
Depreciation	49,235	40,241
<b>Total operating expenses</b>	<u>1,268,287</u>	<u>1,183,985</u>
Operating income (loss)	222,876	555,553
Non-operating revenues (expenses)		
Interest revenue	1,432	718
Net income (loss) before transfers	<u>224,308</u>	<u>556,271</u>
Transfers in (out)		
General Fund	(192,519)	(359,198)
2015 SPLOST Fund	42,274	0
<b>Total transfers in (out)</b>	<u>(150,245)</u>	<u>(359,198)</u>
Change in net position	74,063	197,073
Net position, September 1	<u>1,781,342</u>	<u>1,584,269</u>
<b>Net position, August 31</b>	<u><u>\$ 1,855,405</u></u>	<u><u>\$ 1,781,342</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GAS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,474,759	\$ 1,726,411
Payments to suppliers	(845,731)	(846,611)
Payments to employees	(425,344)	(405,011)
Other receipts	29,288	27,962
	<u>232,972</u>	<u>502,751</u>
Net cash provided (used) by operating activities		
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(192,519)	(359,198)
	<u>(192,519)</u>	<u>(359,198)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other funds	42,274	0
Payments for acquisitions of capital assets	(82,727)	(143,552)
	<u>(40,453)</u>	<u>(143,552)</u>
Net cash provided (used) by capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Purchases of certificates of deposit	(1,418)	(706)
Interest received	1,432	718
	<u>14</u>	<u>12</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	14	13
Cash and cash equivalents, September 1	27,991	27,978
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 28,005</u></u>	<u><u>\$ 27,991</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GAS ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 222,876	\$ 555,553
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	49,235	40,241
(Increase) decrease in accounts receivable	11,034	12,260
(Increase) decrease in inventory	(19,541)	(49,908)
(Increase) decrease in prepaid items	258	(1,319)
(Increase) decrease in deferred outflows of resources - pension	5,978	8,436
Increase (decrease) in accounts payable	5,890	(20,073)
Increase (decrease) in accrued liabilities	(2,061)	(6,254)
Increase (decrease) in customer deposits payable	1,850	2,575
Increase (decrease) in compensated absences	(3,168)	307
Increase (decrease) in net pension liability	(43,714)	(53,764)
Increase (decrease) in deferred inflows of resources - pension	4,335	14,697
Total adjustments	<u>10,096</u>	<u>(52,802)</u>
Net cash provided (used) by operating activities	<u>\$ 232,972</u>	<u>\$ 502,751</u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 18,207	\$ 19,094
Restricted for customer deposits		
Cash and cash equivalents	<u>9,798</u>	<u>8,897</u>
Total cash and cash equivalents	<u>\$ 28,005</u>	<u>\$ 27,991</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GOLF ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 200	\$ 200
Accounts receivable (net)	7,851	7,331
Intergovernmental receivables	532,264	420,715
Prepaid items	4,515	4,946
	<u>544,830</u>	<u>433,192</u>
<b>Capital assets</b>		
Nondepreciable	142,816	142,816
Depreciable (net)	75,961	91,202
	<u>218,777</u>	<u>234,018</u>
<b>Total assets</b>	<u>763,607</u>	<u>667,210</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pension	<u>9,870</u>	<u>12,675</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	16,957	11,684
Accrued interest	0	181
Accrued liabilities	2,980	2,364
Compensated absences	2,286	3,069
Capital lease payable	30,281	32,495
	<u>52,504</u>	<u>49,793</u>
<b>Noncurrent liabilities</b>		
Net pension liability	7,468	24,732
Capital lease payable	11,755	29,373
	<u>19,223</u>	<u>54,105</u>
<b>Total liabilities</b>	<u>71,727</u>	<u>103,898</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension	<u>25,035</u>	<u>23,452</u>
<b>NET POSITION</b>		
Net investment in capital assets	176,741	172,150
Unrestricted	499,974	380,385
<b>Total net position</b>	<u>\$ 676,715</u>	<u>\$ 552,535</u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GOLF ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the fiscal years ended August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Golf charges	\$ 320,972	\$ 317,026
Other	13,599	12,502
<b>Total operating revenues</b>	<u>334,571</u>	<u>329,528</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	200,057	170,581
Personal services	197,842	208,075
Depreciation	36,493	33,243
<b>Total operating expenses</b>	<u>434,392</u>	<u>411,899</u>
Operating income (loss)	(99,821)	(82,371)
Non-operating revenues (expenses)		
Interest expense	(2,356)	(2,711)
Net income (loss) before transfers	(102,177)	(85,082)
Transfers in (out)		
General Fund	226,357	201,182
Change in net position	124,180	116,100
Net position, September 1	552,535	436,435
<b>Net position, August 31</b>	<u><u>\$ 676,715</u></u>	<u><u>\$ 552,535</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**GOLF ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 208,903	\$ 215,396
Payments to suppliers	(193,737)	(175,352)
Payments to employees	(211,501)	(219,545)
Other receipts	13,599	12,502
	<u>(182,736)</u>	<u>(166,999)</u>
Net cash provided (used) by operating activities		
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	226,357	201,182
	<u>226,357</u>	<u>201,182</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments - capital lease payable	(41,084)	(31,383)
Interest paid	(2,537)	(2,800)
	<u>(43,621)</u>	<u>(34,183)</u>
Net cash provided (used) by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, September 1	200	200
	<u>200</u>	<u>200</u>
<b>Cash and cash equivalents, August 31</b>	<b>\$ 200</b>	<b>\$ 200</b>
	<u><u>\$ 200</u></u>	<u><u>\$ 200</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (99,821)	\$ (82,371)
	<u>\$ (99,821)</u>	<u>\$ (82,371)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	36,493	33,243
(Increase) decrease in accounts receivable	(520)	187
(Increase) decrease in intergovernmental receivables	(111,549)	(101,817)
(Increase) decrease in prepaid items	431	(1,087)
(Increase) decrease in deferred outflows of resources - pension	2,805	3,341
Increase (decrease) in accounts payable	5,273	(2,471)
Increase (decrease) in accrued liabilities	616	(1,213)
Increase (decrease) in compensated absences	(783)	435
Increase (decrease) in net pension liability	(17,264)	(21,297)
Increase (decrease) in deferred inflows of resources - pension	1,583	6,051
	<u>1,583</u>	<u>6,051</u>
Total adjustments	(82,915)	(84,628)
	<u>(82,915)</u>	<u>(84,628)</u>
Net cash provided (used) by operating activities	<u><u>\$ (182,736)</u></u>	<u><u>\$ (166,999)</u></u>

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through issuance of capital leases totaled \$21,252 and \$0 for the fiscal years ended August 31, 2019 and 2018, respectively.

**CITY OF TALLAPOOSA, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable (net)	\$ 26,091	\$ 26,088
Prepaid items	<u>2,895</u>	<u>3,084</u>
<b>Total assets</b>	<u>28,986</u>	<u>29,172</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	<u>24,659</u>	<u>22,687</u>
<b>Total liabilities</b>	<u>24,659</u>	<u>22,687</u>
<b>NET POSITION</b>		
Unrestricted	<u>4,327</u>	<u>6,485</u>
<b>Total net position</b>	<u><u>\$ 4,327</u></u>	<u><u>\$ 6,485</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation charges	\$ 335,772	\$ 325,345
<b>Total operating revenues</b>	<u>335,772</u>	<u>325,345</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	287,059	273,332
Personal services	6,633	6,896
<b>Total operating expenses</b>	<u>293,692</u>	<u>280,228</u>
Operating income (loss)	42,080	45,117
Transfers in (out)		
General Fund	(44,238)	(44,462)
Change in net position	(2,158)	655
Net position, September 1	<u>6,485</u>	<u>5,830</u>
<b>Net position, August 31</b>	<u><u>\$ 4,327</u></u>	<u><u>\$ 6,485</u></u>

**CITY OF TALLAPOOSA, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the fiscal years ended August 31, 2019 and 2018*

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 335,769	\$ 324,532
Payments to suppliers	(284,898)	(273,174)
Payments to employees	(6,633)	(6,896)
	<u>44,238</u>	<u>44,462</u>
Net cash provided (used) by operating activities	44,238	44,462
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(44,238)	(44,462)
	<u>(44,238)</u>	<u>(44,462)</u>
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, September 1	0	0
	<u>0</u>	<u>0</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 42,080	\$ 45,117
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(3)	(813)
(Increase) decrease in prepaid items	189	31
Increase (decrease) in accounts payable	1,972	127
	<u>2,158</u>	<u>(655)</u>
Total adjustments	2,158	(655)
Net cash provided (used) by operating activities	<u><u>\$ 44,238</u></u>	<u><u>\$ 44,462</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, 2019, 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, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Tallapoosa, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tallapoosa, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tallapoosa, Georgia's internal control.

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

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

**2019-001**

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

*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.

## **2019-001, continued**

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

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

## **2019-002**

*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.

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

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

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

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

## **2019-003**

*Condition:* The City had multiple engineering invoices that had not been paid but were payable at fiscal year-end. These invoices were not included on the accounts payable listing.

*Criteria:* Generally accepted accounting principles require that accruals be properly calculated and recorded.

## **2019-003, continued**

*Cause:* The City did not accrue engineering invoices that were payable at fiscal year-end.

*Effect:* Failure to properly apply generally accepted accounting principles may lead to financial statements that are materially misstated.

*Recommendation:* Management should review their year-end procedures for recording assets and liabilities.

*Management Response:* Management concurs with this finding. Management will review all year-end accruals to ensure they are properly calculated and recorded. This action was implemented immediately upon receipt of the comment from our auditors.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Tallapoosa, Georgia's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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**

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tallapoosa, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
February 14, 2020

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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, 2019**

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

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

**CITY OF TALLAPOOSA, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended August 31, 2019**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b><u>2015 Referendum</u></b>					
Water and sewer debt	\$ 850,000	\$ 850,000	\$ 633,428	\$ 203,256	\$ 836,684
Police vehicles	150,000	150,000	58,564	39,742	98,306
Public works - vehicles	165,000	165,000	20,263	67,910	88,173
Old high school renovation	150,000	150,000	0	0	0
Public street improvements	110,000	110,000	0	0	0
Recreation complex	75,000	75,000	2,400	0	2,400
Museum and Senior property	40,000	40,000	0	0	0
Grant match - TEA, ARC, CDBG	75,000	75,000	0	0	0
Municipal building repairs and expansion	135,000	135,000	0	0	0
Recreation equipment and repairs	25,000	25,000	0	0	0
Utility expansion	115,000	115,000	0	0	0
Data processing	30,000	30,000	0	0	0
Economic projects	67,000	67,000	0	0	0
New cemetery	40,000	40,000	0	0	0
Lake	10,000	10,000	0	0	0
Total	<u>\$ 2,037,000</u>	<u>\$ 2,037,000</u>	<u>\$ 714,655</u>	<u>\$ 310,908</u>	<u>\$ 1,025,563</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, 2019**

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<b><u>2018 Referendum</u></b>					
Fund crew for ROW maintenance - grass, trees, litter, etc.	\$ 175,000	\$ 175,000	\$ 0	\$ 0	\$ 0
Purchase equipment/material/other labor for ROW/road upkeep/repair	340,730	340,730	0	56,510	56,510
Repave Helton Howland drive way and parking lot	45,796	45,796	0	0	0
Repave collector roads:					
West Atlanta Street	124,000	124,000	0	0	0
Arbacoochee Road	93,500	93,500	0	0	0
Golf Coarse Road	138,000	138,000	0	0	0
Ivy Pope Road	97,000	97,000	0	0	0
Improvements to West Atlanta Street	255,204	255,204	0	0	0
Improvements to 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
**Other collector roads with priority for paving:					
Broad Street	352,400	352,400	0	0	0
Stone Mountain Street	570,651	570,651	0	0	0
Cedartown Road	255,000	255,000	0	0	0
Providence Church Road	625,000	625,000	0	0	0
McDonald Road	386,105	386,105	0	0	0
Steadman Road	300,000	300,000	0	0	0
Magnolia Drive	315,000	315,000	0	0	0
Total	<u>\$ 4,488,686</u>	<u>\$ 4,488,686</u>	<u>\$ 0</u>	<u>\$ 56,510</u>	<u>\$ 56,510</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.