

**CITY OF
TALLULAH, LOUISIANA**

Annual Financial Statements

As of and for the Year Ended June 30, 2021



CITY OF TALLULAH, LOUISIANA

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(Concluded)

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

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 judgement, 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 City'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 City'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.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City's legally separate component unit - the Tallulah Housing Authority. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit is not reasonably obtainable.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the City of Tallulah, Louisiana, as of June 30, 2021, or the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Tallulah, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information listed in the table of contents as other supplementary information (Exhibits 3 through 8) is presented for purposes of additional analysis and is not a required part of the City's basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
December 23, 2021

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REQUIRED SUPPLEMENTARY INFORMATION:

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

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

Our discussion and analysis of the City of Tallulah's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021.

This report presents the financial information of the City's activity of the primary government and does not include the discretely presented component unit, Tallulah Housing Authority. The Housing Authority's report can be obtained by contacting the City of Tallulah at 204 North Cedar, Tallulah, Louisiana 71282.

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

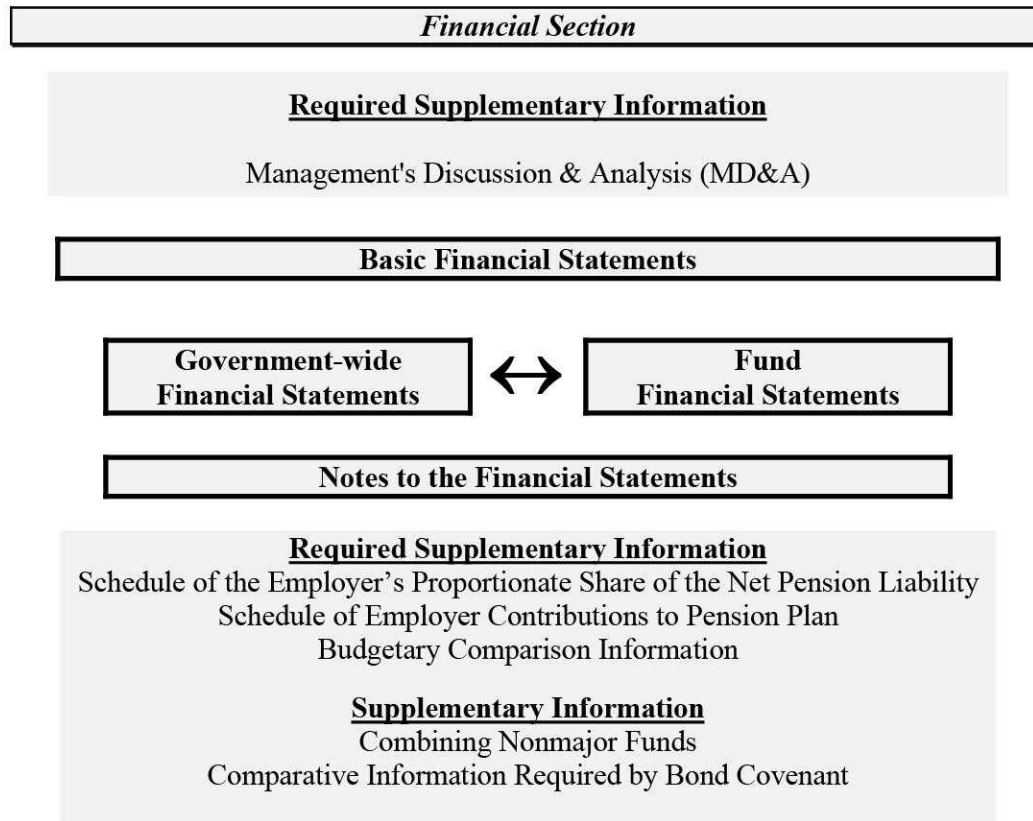
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7.3 million (net position) for the government as a whole. Of this amount, \$1.3 million represents unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased \$533 thousand. The main reason for this increase is due a \$302 thousand increase in sales tax collections and receipt of \$164 thousand in CARES Act grants. In April 2020, the City began collecting a new one-half cent sales tax that was approved by the voters in November 2019. Fiscal year 2021 was the first full year for collecting the new tax. Expenses increased \$643 thousand mainly due to increases in water and sewer expenses. Governmental activities' net position increased \$517 thousand and the business-type activities' net position increased \$16 thousand.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1.5 million, an increase of \$756 thousand in comparison with the prior year. Approximately 85% of this amount (\$1.3 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the fiscal year, unassigned fund balance of the general fund was \$1.3 million, or approximately 44% of total general fund expenditures.
- The City's total long-term debt decreased \$572 thousand. In the current fiscal year, the City paid \$636 thousand in principal payments and purchased a new tractor with the issuance of a \$57 thousand capital lease. The liability accrued for compensated absences increased \$6 thousand from prior year.

USING THIS ANNUAL REPORT

The City's annual report consists of a series of financial statements that show information for the City as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the City's overall financial health. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds - General Fund and Section 8 Fund.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

The following chart reflects the information included in this annual report.



Our auditor will provide assurance in the independent auditor's report, which will be located immediately preceding the Management's Discussion and Analysis in the audited financial report, that the basic financial statements are fairly stated. Varying degrees of assurance will be provided by the auditor regarding the required supplementary information, and the supplementary information identified above.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information about the City as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as reported in the Statement of Net Position - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position as reported in the Statement of Activities are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the City's *operating results*.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

However, the City's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider other non-financial factors, such as the quality of police and fire protection, the conditions of the City's roads, and the quality of water, sewer, and sanitation systems to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including the police, fire, street, and general administration. Property taxes, franchise fees, licenses and fees, fines and forfeitures, and state and federal grants finance most of these activities.

Business-type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The City's fund financial statements provide detailed information about the most significant funds but not the City as a whole. Some funds are required to be established by State law. However, the City establishes other funds to help it control and manage money for particular purposes (like the capital project fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - use different accounting approaches:

Governmental funds - Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's utility enterprise funds (a component of proprietary funds) are the same as business-type activities we report in the government-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$7.3 million, at the close of the most recent fiscal year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

Table 1
Net Position
(In Thousands)
June 30,

	Governmental		Business-type		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 1,727	\$ 1,200	\$ 682	\$ 489	\$ 2,409	\$ 1,689
Restricted assets	7	-	1,444	1,043	1,451	1,043
Capital assets	1,787	1,957	12,955	13,819	14,742	15,776
Total assets	<u>3,521</u>	<u>3,157</u>	<u>15,081</u>	<u>15,351</u>	<u>18,602</u>	<u>18,508</u>
Total deferred outflows of resources	<u>127</u>	<u>205</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>205</u>
Liabilities						
Current and other liabilities	197	286	574	362	771	648
Long-term liabilities	682	831	9,825	10,323	10,507	11,154
Total liabilities	<u>879</u>	<u>1,117</u>	<u>10,399</u>	<u>10,685</u>	<u>11,278</u>	<u>11,802</u>
Total deferred inflows of resources	<u>180</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>173</u>
Net Position						
Net investment in capital assets	1,417	1,508	3,139	3,504	4,556	5,012
Restricted	227	151	1,189	854	1,416	1,005
Unrestricted	945	413	354	308	1,299	721
Total net position	<u>\$ 2,589</u>	<u>\$ 2,072</u>	<u>\$ 4,682</u>	<u>\$ 4,666</u>	<u>\$ 7,271</u>	<u>\$ 6,738</u>

By far, the largest portion of the City's net position (63%) reflects its investment in capital assets (e.g., land, construction in process, infrastructure, building and improvements, furniture and equipment, water and sewer plant and systems, and transmission lines), less depreciation expense and any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1.3 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The overall net position increased \$533 thousand from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

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

	Governmental		Business-type		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 295	\$ 202	\$ 2,978	\$ 2,985	\$ 3,273	\$ 3,187
Operating grants and contributions	512	332	100	35	612	367
Capital grants and contributions	-	330	134	-	134	330
General revenues						
Property taxes	617	606	-	-	617	606
Sales tax	1,769	1,467	-	-	1,769	1,467
Other taxes, penalties and interest	306	276	-	-	306	276
License and permits	93	73	-	-	93	73
Grants and contributions not restricted to a program	189	253	-	-	189	253
Earnings on investments	-	-	-	5	-	5
Miscellaneous	45	116	20	86	65	202
Total Revenues	3,826	3,655	3,232	3,111	7,058	6,766
Functions/Program Expenses:						
Governmental activities						
General and administrative	752	703	-	-	752	703
Police department	808	772	-	-	808	772
Fire department	477	453	-	-	477	453
Street department	798	730	-	-	798	730
Health and welfare	205	195	-	-	205	195
Culture and recreation	138	98	-	-	138	98
Legislative	61	62	-	-	61	62
Transportation	49	48	-	-	49	48
Interest expense	21	27	-	-	21	27
Business-type activities						
Water enterprise	-	-	2,192	1,884	2,192	1,884
Sewer enterprise	-	-	1,024	910	1,024	910
Total Functions/Program Expenses	3,309	3,088	3,216	2,794	6,525	5,882
Increase (decrease) in net position before transfers	517	567	16	317	533	884
Transfers	-	(254)	-	254	-	-
Increase (decrease) in net position	517	313	16	571	533	884
Net position - beginning	2,072	1,759	4,666	4,095	6,738	5,854
Net position - ending	\$ 2,589	\$ 2,072	\$ 4,682	\$ 4,666	\$ 7,271	\$ 6,738

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

Governmental Activities

During the current fiscal year, net position of governmental activities increased \$517 thousand from the prior fiscal year for an ending balance of \$2.6 million. Governmental activities' revenues received for the current fiscal year increased \$171 thousand mainly due to increases in sales tax revenues (\$302 thousand) and in operating grants and contributions (\$180 thousand) offset by a decrease in capital grants and contributions (\$330 thousand). In April 2020, the City began collecting a new one-half cent sales tax that was approved by the voters in November 2019. Fiscal year 2021 was the first full year for collecting the new tax. In the current fiscal year, the City received \$164 thousand from CARES Act for eligible expenses related to the COVID-19 pandemic and a \$74 thousand USDA grant to fund a marketable and feasibility study for a proposed industrial parkway project. The decrease in capital grants and contributions is from the funding received in prior year for the LCDBG water aerator and pump project, which was completed in fiscal year 2020. The City did not have any governmental activities capital grant projects in the current fiscal year.

Governmental activities expenses for 2021 and 2020 were \$3.3 million and \$3.1 million, respectively. General and administrative (\$49 thousand), police department (\$36 thousand), fire department (\$24 thousand), street department (\$68 thousand), health and welfare (\$10 thousand), culture and recreation (\$40 thousand), and transportation (\$1 thousand) expenses increased, while the expenses of legislative (\$1 thousand), and interest (\$6 thousand) decreased. The increase in general and administrative expense is mainly due to the expenses incurred for a marketable and feasibility study that was performed to determine the viability of a proposed industrial parkway project. The increase in police department expenses is from increases in salaries and related benefits. The increases in street department and culture and recreation expenses are due to increases in repairs and maintenance.

As discussed above, the cost of all governmental activities this year was \$3.3 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.5 million because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of the City's governmental activities as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Governmental Activities
(In Thousands)
For the Years Ended June 30,

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2021	2020	2021	2020
Governmental activities				
General and administrative	\$ 752	\$ 703	\$ 609	\$ 645
Police department	808	772	455	554
Fire department	477	453	400	415
Street department	798	730	792	724
Health and welfare	205	195	(22)	(335)
Culture and recreation	138	98	138	84
Legislative	61	62	61	62
Transportation	49	48	49	48
Interest expense	21	27	21	27
Total functions/program expenses	<u>\$ 3,309</u>	<u>\$ 3,088</u>	<u>\$ 2,503</u>	<u>\$ 2,224</u>

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

Business-type Activities

The net position of the business-type activities increased \$16 thousand from the prior fiscal year for an ending balance of \$4.7 million.

Revenue of the City's business-type activities (see Table 2) for June 30, 2021 was \$3.2 million. This is an increase of \$121 thousand from 2020 to 2021. Operating grants and contributions increased \$65 thousand and capital grants and contributions increased \$134 thousand, while miscellaneous revenues decreased \$66 thousand. In the current fiscal year, the City received \$134 thousand in federal and state grants for capital improvements to the sewer system and \$100 thousand in a state grant for sewer system maintenance.

Expenses for the year ended June 30, 2021 were \$3.2 million for the City's business-type activities, an increase of \$422 thousand from the amount reported in 2020. This increase is mainly due to an increase in maintenance (\$42 thousand), miscellaneous (\$48 thousand) and depreciation (\$319 thousand) expenses. The City reduced the remaining expected life of the existing water plant to coincide with the expected completion of the water plant rehabilitation project increasing water depreciation expense for the current fiscal year.

THE CITY'S FUNDS

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$1.5 million, which is an increase of \$756 thousand in fund balance from last year.

The General Fund's fund balance increased \$679 thousand from the \$631 thousand reported in the prior fiscal year to \$1.3 million. Revenues increased \$781 mainly due to the \$302 thousand increase in sales tax collections and receipt of \$268 thousand in federal grants from the CARES Act for eligible expenses related to the COVID-19 pandemic. The general fund's expenditures increased \$33 thousand due to increases in all programs except for legislative, capital outlay and debt service. Capital outlay expenses decreased \$153 thousand and debt service decreased \$46 thousand in comparison with prior year. In prior year, the City issued \$174 thousand in notes payable to purchase six police patrol vehicles. In the current fiscal year, the street department purchased a used backhoe for \$28 thousand.

The Section 8 Fund had a \$604 increase in fund balance for an ending fund balance of \$48 thousand. HUD funding increased \$29 thousand primarily from the receipt of \$27 thousand in CARES Act grants. Expenditures increased from \$219 thousand to \$227 thousand mainly due to the expending of the CARES Act grant funding.

The nonmajor governmental funds had an increase of \$76 thousand due to the increase in the fund balance of the Street Fund.

Proprietary Funds

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

Unrestricted net position of the Water Fund at the end of the year was \$(112) thousand and for the Sewer Fund was \$465 thousand. Net position restricted for debt service was \$939 thousand for the Water Fund and \$250 thousand for the Sewer Fund. The change in net position for Water and Sewer Funds was \$(29) thousand and \$44 thousand, respectively.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

The Water Fund's charges for services increased \$12 thousand. The Water Funds' expenses increased \$328 thousand mainly due to the increase in depreciation expense. The City reduced the remaining expected life of the existing water plant to coincide with the expected completion of the water plant rehabilitation project increasing water depreciation expense for the current fiscal year in comparison with prior year.

The Sewer Fund's charges for services decreased \$19 thousand while expenses increased \$116 thousand in comparison with prior year. Increases in expenses are mainly due to the increase in sewer maintenance. In the current fiscal year, the City received \$100 thousand in operating grants for sewer plant maintenance and \$134 in capital grants for sewer improvements.

The Sewer fund transferred \$80 thousand and loaned \$90 thousand to the Water fund to cover the Water fund's cash shortfall.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual amounts available for appropriations were \$712 thousand more than budgeted. This favorable variance was primarily due to collecting more in sales and uses tax than was expected.

Overall actual charges to appropriations were \$84 thousand less than budgeted. This favorable variance was due to spending less on capital outlay expenditures than expected.

The original budgeted revenues were increased by \$745 thousand in the final budget whereas the original budgeted expenditures were increased by \$300 thousand in the final budget. The budget revisions included the increases in amounts available for appropriation from beginning fund balance and intergovernmental revenues and increases in charges to appropriations for general and administrative, police, fire, street, and culture and recreation expenditures.

CAPITAL ASSETS

At June 30, 2021 and 2020, the City had invested in the following capital assets (in thousands):

	Governmental Activities		Business-type		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 79	\$ 79	\$ 678	\$ 678	\$ 757	\$ 757
Construction in progress	151	573	159	25	310	598
Infrastructure	1,069	647	-	-	1,069	647
Buildings and improvement:	2,961	2,961	18	18	2,979	2,979
Furniture and equipment	1,895	1,899	957	894	2,852	2,793
Water plant and systems	-	-	11,113	11,113	11,113	11,113
Sewer plant and systems	-	-	7,866	10,479	7,866	10,479
Transmission lines	-	-	10,479	7,866	10,479	7,866
Total capital assets	<u>6,155</u>	<u>6,159</u>	<u>31,270</u>	<u>31,073</u>	<u>37,425</u>	<u>37,232</u>
Accumulated depreciation	<u>(4,368)</u>	<u>(4,202)</u>	<u>(18,315)</u>	<u>(17,254)</u>	<u>(22,683)</u>	<u>(21,456)</u>
Net capital assets	<u>\$ 1,787</u>	<u>\$ 1,957</u>	<u>\$ 12,955</u>	<u>\$ 13,819</u>	<u>\$ 14,742</u>	<u>\$ 15,776</u>

Additional information regarding capital assets can be found in Note 7 of the Notes to the Financial Statements.

City of Tallulah
Management's Discussion and Analysis (MD&A)
June 30, 2021

DEBT ADMINISTRATION At June 30, 2021, the City had notes payable of \$370 thousand in which governmental funds make the required payments. Enterprise funds had net outstanding bonds and loans of \$9.7 million at June 30, 2021 in which the proceeds were used for the rehabilitation of the City's Water System and Sewer System. During the current fiscal year, the City issued a \$57 thousand capital lease to purchase a new tractor for the Sewer Fund. Additional information regarding long-term debt can be found in Note 11 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our elected and appointed officials and citizens consider many factors when setting the City's budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. Approximately 62% of total revenues in the general fund are from ad valorem and sales tax collections. There was little change in the general fund's budget for the year ending June 30, 2022, as originally adopted, from the 2021 final budget.

On January 2, 2019, the City was placed under an Administrative Order (AO) by the Louisiana Department of Health (LDDH). The AO states that the City was non-compliant with several state primary drinking water regulations. The AO lists remedial actions that the City must undertake by specific deadlines to comply with all rules, regulations, and standards. On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order. The water plant rehabilitation will be funded through a USDA loan (\$4.0 million) and USDA grant (\$3.8 million). The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been given to the USDA and LDHH for approval and the City is waiting on approval.

On July 29, 2021, the City issued \$7.1 million in Water Revenue Refunding Series 2021 with interest rate of 1.85%. The proceeds plus \$1.1 million in debt service reserve funds were used 1) to refund \$3.5 million in Water Revenue Refunding Bonds Series 2012 and \$3.6 million in Water Revenue Refunding Bonds Series 2016, 2) to deposit \$370 thousand in the Series 2021 debt service reserve fund and \$385 thousand in the Series 2021 debt service fund, and 3) to pay \$203 thousand in bond issuance costs.

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

On March 11, 2021, the City Council voted on an ordinance to raise water rates to provide the resources to repay the debt that will be incurred for water plant rehabilitation project as the debt becomes due. In November 2021, it was determined that the ordinance adopted did not have the required votes because the Mayor was not legally authorized to break a tie vote when all council members are present and one member abstains from voting. As a result, the ordinance was nullified and the increased water rates charged from May 2021 to November 2021 must be refunded. The City estimates that the total residential and commercial customer refunds will be approximately \$331 thousand. The City accrued \$94 thousand in accounts payable for the water rate increase collected in fiscal year 2021. The City expects to make the required refunds in December 2021 and January 2022.

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

BASIC FINANCIAL STATEMENTS:

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

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CITY OF TALLULAH

STATEMENT OF NET POSITION

June 30, 2021

	Statement A		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
ASSETS			
Cash and cash equivalents	\$ 1,258,615	\$ 268,632	\$ 1,527,247
Receivables, net	362,708	519,040	881,748
Internal balances	105,339	(105,339)	-
Prepaid items	876	-	876
Restricted assets:			
Cash and cash equivalents	6,773	1,444,083	1,450,856
Capital assets:			
Land and construction in progress	229,934	836,770	1,066,704
Depreciable assets, net of depreciation	1,557,081	12,117,789	13,674,870
TOTAL ASSETS	3,521,326	15,080,975	18,602,301
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	127,018	-	127,018
TOTAL DEFERRED OUTFLOWS OF RESOURCES	127,018	-	127,018
LIABILITIES			
Accounts and other payables	195,663	307,475	503,138
Unearned revenue	1,299	-	1,299
Interest payable	-	96,992	96,992
Payable from restricted assets - customer deposits	-	169,486	169,486
Noncurrent liabilities:			
Due within one year: Bonds, notes, leases, compensated absences	81,164	577,041	658,205
Due in more than one year			
Bonds, notes, leases, compensated absences	313,946	9,248,349	9,562,295
Net pension liability	287,150	-	287,150
TOTAL LIABILITIES	879,222	10,399,343	11,278,565
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	179,816	-	179,816
TOTAL DEFERRED INFLOWS OF RESOURCES	179,816	-	179,816
NET POSITION			
Net investment in capital assets	1,417,090	3,139,023	4,556,113
Restricted for:			
Debt service	-	1,188,855	1,188,855
Section 8 program	47,955	-	47,955
Street maintenance	178,856	-	178,856
Construction projects	17	-	17
Unrestricted	945,388	353,754	1,299,142
TOTAL NET POSITION	\$ 2,589,306	\$ 4,681,632	\$ 7,270,938

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<i>Governmental activities:</i>				
General and administrative	\$ 752,249	\$ 69,004	\$ 74,500	\$ -
Police department	808,200	220,312	132,527	-
Fire department	476,441	5,500	71,194	-
Street department	798,263	-	6,225	-
Health and welfare	205,402	-	227,289	-
Culture and recreation	138,247	125	-	-
Legislative	60,949	-	-	-
Transportation	48,569	-	-	-
Interest expense	21,022	-	-	-
Total Governmental Activities	3,309,342	294,941	511,735	-
<i>Business-type activities:</i>				
Water activities	2,192,163	2,076,808	-	-
Sewer activities	1,023,565	900,912	100,000	133,540
Total Business-Type Activities	3,215,728	2,977,720	100,000	133,540
Total Primary Government	\$ 6,525,070	\$ 3,272,661	\$ 611,735	\$ 133,540

General revenues:

Taxes:

Property taxes levied for general purposes

Property taxes levied for fire protection

Sales and use tax revenue

Other taxes, penalties and interest

Licenses and permits

Grants and contributions not restricted to a specific program

Earnings on investments

Miscellaneous

Total general revenues

Changes in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Statement B

PRIMARY GOVERNMENT

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
Governmental Activities	Business-Type Activities	TOTAL
\$ (608,745)	\$ -	\$ (608,745)
(455,361)	-	(455,361)
(399,747)	-	(399,747)
(792,038)	-	(792,038)
21,887	-	21,887
(138,122)	-	(138,122)
(60,949)	-	(60,949)
(48,569)	-	(48,569)
(21,022)	-	(21,022)
<u>(2,502,666)</u>	<u>-</u>	<u>(2,502,666)</u>
-	(115,355)	(115,355)
<u>-</u>	<u>110,887</u>	<u>110,887</u>
-	(4,468)	(4,468)
<u>(2,502,666)</u>	<u>(4,468)</u>	<u>(2,507,134)</u>
511,970	-	511,970
104,700	-	104,700
1,769,177	-	1,769,177
306,204	-	306,204
93,341	-	93,341
189,438	-	189,438
109	164	273
45,068	19,475	64,543
<u>3,020,007</u>	<u>19,639</u>	<u>3,039,646</u>
517,341	15,171	532,512
<u>2,071,965</u>	<u>4,666,461</u>	<u>6,738,426</u>
<u>\$ 2,589,306</u>	<u>\$ 4,681,632</u>	<u>\$ 7,270,938</u>

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BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

CITY OF TALLULAH

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2021

Statement C

	GENERAL	SECTION 8	NONMAJOR GOVERNMENTAL	TOTAL
ASSETS:				
Cash and cash equivalents	\$ 1,024,091	\$ 44,167	\$ 190,357	\$ 1,258,615
Receivables	360,688	2,020	-	362,708
Interfund receivables	113,403	-	1,494	114,897
Prepaid items	876	-	-	876
Restricted Assets:				
Cash and cash equivalents	-	6,773	-	6,773
TOTAL ASSETS	1,499,058	52,960	191,851	1,743,869
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts and other payables	187,043	3,706	4,914	195,663
Unearned revenue	-	1,299	-	1,299
Interfund payables	1,494	-	8,064	9,558
TOTAL LIABILITIES	188,537	5,005	12,978	206,520
FUND BALANCES:				
Nonspendable	876	-	-	876
Restricted	-	47,955	178,873	226,828
Unassigned	1,309,645	-	-	1,309,645
TOTAL FUND BALANCES	1,310,521	47,955	178,873	1,537,349
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,499,058	\$ 52,960	\$ 191,851	\$ 1,743,869

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021**

Statement D

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

Total fund balances - governmental funds		\$ 1,537,349
--	--	--------------

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

Costs of capital assets	\$ 6,155,556		
Accumulated depreciation	<u>(4,368,541)</u>		1,787,015

Deferred outflows of resources are not available to pay current period expenditures and deferred inflows of resources are not due and payable in the current period, therefore, neither are reported in the governmental funds.

Deferred outflows related to pensions	127,018		
Deferred inflows related to pensions	<u>(179,816)</u>		(52,798)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2021 are:

Loans payable	(369,925)		
Compensated absences payable	(25,185)		
Net pension liability	<u>(287,150)</u>		<u>(682,260)</u>

Net position - governmental activities		<u>\$ 2,589,306</u>
--	--	---------------------

CITY OF TALLULAH

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2021

Statement E

	GENERAL	SECTION 8	NONMAJOR GOVERNMENTAL	TOTAL
REVENUES				
Taxes:				
Ad valorem	\$ 491,450	\$ -	\$ 125,220	\$ 616,670
Sales and use	1,769,177	-	-	1,769,177
Other taxes, penalties, and interest	306,204	-	-	306,204
Licenses and permits	93,341	-	-	93,341
Intergovernmental revenues	603,367	203,259	-	806,626
Rental income	125	-	-	125
Use of money and property	2	33	74	109
Fines and forfeitures	237,626	-	-	237,626
Miscellaneous revenues	122,258	24,030	-	146,288
TOTAL REVENUES	3,623,550	227,322	125,294	3,976,166
EXPENDITURES				
Current:				
General and administrative	729,241	-	183	729,424
Police department	738,851	-	-	738,851
Fire department	428,631	-	-	428,631
Street department	670,504	-	49,694	720,198
Health and welfare	1,858	226,718	-	228,576
Culture and recreation	138,086	-	-	138,086
Legislative	60,949	-	-	60,949
Transportation	48,569	-	-	48,569
Capital outlay	27,500	-	-	27,500
Debt service:				
Principal retirement	78,718	-	-	78,718
Interest and bank charges	21,022	-	-	21,022
TOTAL EXPENDITURES	2,943,929	226,718	49,877	3,220,524
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	679,621	604	75,417	755,642
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	200	200
Transfers out	(200)	-	-	(200)
TOTAL OTHER FINANCING SOURCES (USES)	(200)	-	200	-
Net Change in Fund Balances	679,421	604	75,617	755,642
FUND BALANCES - BEGINNING	631,100	47,351	103,256	781,707
FUND BALANCES - ENDING	\$ 1,310,521	\$ 47,955	\$ 178,873	\$ 1,537,349

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

GOVERNMENTAL FUNDS

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021**

	Statement F
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
Total net change in fund balances - governmental funds	\$ 755,642
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>	
Capital outlays	\$ 64,510
Depreciation expense	<u>(234,468)</u>
	(169,958)
<p>Some revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds; whereas other revenues may be reported in prior periods statement of activities but are reported as current year financial resources in the governmental funds.</p>	
	(132,255)
<p>The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.</p>	
	(10,664)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
	78,718
<p>In the Statement of Activities, certain operating expenses - compensated absences (vacation leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	
	(4,142)
	<hr/>
Change in net position of governmental activities	<u><u>\$ 517,341</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Statement of Net Position

June 30, 2021

Statement G

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 268,632	\$ 268,632
Receivables, net	292,923	226,117	519,040
Interfund receivables	66	146,056	146,122
Restricted Assets:			
Cash and cash equivalents	1,194,379	249,704	1,444,083
TOTAL CURRENT ASSETS	1,487,368	890,509	2,377,877
NONCURRENT ASSETS:			
Capital Assets:			
Land and construction in progress	90,351	746,419	836,770
Depreciable assets, net of depreciation	1,597,845	10,519,944	12,117,789
TOTAL NONCURRENT ASSETS	1,688,196	11,266,363	12,954,559
TOTAL ASSETS	3,175,564	12,156,872	15,332,436
LIABILITIES			
CURRENT LIABILITIES :			
Accounts and other payables	137,486	169,989	307,475
Interfund payables	249,942	1,519	251,461
Interest payable	96,992	-	96,992
Payable from restricted assets - customer deposits	169,486	-	169,486
Compensated absences	6,054	3,800	9,854
Capital leases - current	-	9,711	9,711
Revenue bonds payable - current	500,000	-	500,000
Loans payable - current	-	57,476	57,476
TOTAL CURRENT LIABILITIES	1,159,960	242,495	1,402,455
NONCURRENT LIABILITIES:			
Capital leases	-	45,737	45,737
Revenue bonds payable, net	6,681,443	-	6,681,443
Loans payable	-	2,521,169	2,521,169
TOTAL NONCURRENT LIABILITIES	6,681,443	2,566,906	9,248,349
TOTAL LIABILITIES	7,841,403	2,809,401	10,650,804
NET POSITION			
Net investment in capital assets	(5,493,247)	8,632,270	3,139,023
Restricted for debt service	939,151	249,704	1,188,855
Unrestricted	(111,743)	465,497	353,754
TOTAL NET POSITION	\$ (4,665,839)	\$ 9,347,471	\$ 4,681,632

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
 Statement of Revenues, Expenses,
 and Changes in Fund Net Position
 For the Year Ended June 30, 2021

Statement H

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for services	\$ 2,076,808	\$ 900,912	\$ 2,977,720
TOTAL OPERATING REVENUES	<u>2,076,808</u>	<u>900,912</u>	<u>2,977,720</u>
OPERATING EXPENSES			
Personnel services	400,368	133,192	533,560
Supplies	304,200	33,758	337,958
Maintenance	133,223	249,186	382,409
Utilities	132,602	56,701	189,303
Miscellaneous	75,680	19,260	94,940
Uniforms	5,983	4,428	10,411
Insurance	14,227	6,723	20,950
Professional services	89,645	87,495	177,140
Depreciation	749,468	318,583	1,068,051
TOTAL OPERATING EXPENSES	<u>1,905,396</u>	<u>909,326</u>	<u>2,814,722</u>
Operating income (loss)	<u>171,412</u>	<u>(8,414)</u>	<u>162,998</u>
NON OPERATING REVENUES/EXPENSES			
Intergovernmental revenues	-	233,540	233,540
Interest income	44	120	164
Interest expense & other charges	(286,767)	(114,239)	(401,006)
Other revenues	6,213	13,262	19,475
TOTAL NON OPERATING REVENUES/EXPENSES	<u>(280,510)</u>	<u>132,683</u>	<u>(147,827)</u>
Income (Loss) before transfers	<u>(109,098)</u>	<u>124,269</u>	<u>15,171</u>
TRANSFERS			
Transfers in	80,000	-	80,000
Transfers out	-	(80,000)	(80,000)
TOTAL TRANSFERS	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
Change in Net Position	(29,098)	44,269	15,171
NET POSITION - BEGINNING	<u>(4,636,741)</u>	<u>9,303,202</u>	<u>4,666,461</u>
NET POSITION - ENDING	<u>\$ (4,665,839)</u>	<u>\$ 9,347,471</u>	<u>\$ 4,681,632</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2021

Statement I

	WATER FUND	SEWER FUND	TOTAL
CASH FLOW (USES) FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,044,846	\$ 876,525	\$ 2,921,371
Payments to employees	(334,402)	(104,208)	(438,610)
Payments to others	(636,829)	(556,294)	(1,193,123)
Net cash provided by (used for) operating activities	<u>1,073,615</u>	<u>216,023</u>	<u>1,289,638</u>
CASH FLOW (USES) FROM INVESTING ACTIVITIES			
Earnings on investments	44	120	164
Net cash provided by (used for) investing activities	<u>44</u>	<u>120</u>	<u>164</u>
CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and contributions	22,140	113,880	136,020
Other receipts	6,213	13,262	19,475
Transfers in	80,000	-	80,000
Transfers out	-	(80,000)	(80,000)
Net cash provided by (used for) noncapital financing activities	<u>108,353</u>	<u>47,142</u>	<u>155,495</u>
CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(5,449)	(21,245)	(26,694)
Principal payment bonds & loans payable	(490,000)	(55,098)	(545,098)
Principal payment capital leases	(3,290)	(1,896)	(5,186)
Interest & penalties paid on debt	(297,974)	(114,239)	(412,213)
Net cash provided by (used for) capital and related financing activities	<u>(796,713)</u>	<u>(192,478)</u>	<u>(989,191)</u>
Net increase (decrease) in cash and cash equivalents	385,299	70,807	456,106
CASH AND CASH EQUIVALENTS - BEGINNING	<u>809,080</u>	<u>447,529</u>	<u>1,256,609</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>1,194,379</u></u>	<u><u>518,336</u></u>	<u><u>1,712,715</u></u>
RECONCILIATION TO BALANCE SHEET			
Cash	-	268,632	268,632
Restricted assets - cash	<u>1,194,379</u>	<u>249,704</u>	<u>1,444,083</u>
	<u><u>\$ 1,194,379</u></u>	<u><u>\$ 518,336</u></u>	<u><u>\$ 1,712,715</u></u>

(CONTINUED)

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2021

Statement I

	WATER FUND	SEWER FUND	TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 171,412	\$ (8,414)	\$ 162,998
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	749,468	318,583	1,068,051
(Increase) decrease in operating accounts receivable	(38,139)	18,744	(19,395)
(Increase) decrease in interfund receivable	-	(133,131)	(133,131)
Increase (decrease) in operating accounts payable	57,779	38,984	96,763
Increase (decrease) in compensated absences	2,139	104	2,243
Increase (decrease) in interfund payable	130,501	(18,847)	111,654
Increase (decrease) in deposits due others	455	-	455
Net cash provided by (used for) operating activities	<u>\$ 1,073,615</u>	<u>\$ 216,023</u>	<u>\$ 1,289,638</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital lease obligation for purchase of equipment	\$ -	\$ 57,344	\$ 57,344

(CONCLUDED)

The accompanying notes are an integral part of these financial statements.

CITY OF TALLULAH, LOUISIANA

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City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

A. REPORTING ENTITY The City of Tallulah was founded in 1856 and is incorporated under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.) 33:321-481 of the constitution of the state of Louisiana.) The City is located in the parish of Madison and has a population of approximately sixty-five hundred. The City is governed by the mayor and five-member Council. The mayor and Council members serve four-year terms which expire June 30, 2022.

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

Because the City appoints the governing body of the Tallulah Housing Authority and can impose its will on the Housing Authority, the Housing Authority was determined to be a component unit of the City of Tallulah, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the City and do not present information on the Housing Authority or the general government services provided by that governmental unit; however, the information of the component unit is necessary in order for the City to report in conformity with GAAP. A copy of the audit report for the Housing Authority may be obtained from the City Clerk of Tallulah at 204 North Cedar, Tallulah, Louisiana, 71282.

B. FUND ACCOUNTING The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

Governmental Funds

The City reports the following major governmental funds:

General Fund - is the general operating fund of the City. It accounts for all financial resources, except those required to be accounted for in other funds.

Section 8 Fund - accounts for the operations of the lower income housing assistance program which provides aid to very low-income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

Proprietary Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar-year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1994 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current fiscal year.

Franchise taxes and intergovernmental revenues are recorded when the City is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the City.

Based on the above criteria, ad valorem taxes, franchise taxes and intergovernmental revenues have been treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Source (Use) Transfers between funds that are not expected to be repaid are accounted for as other financing sources and are recognized when the underlying event occurs.

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

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

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

During the year, the City Council receives monthly budget comparison statements which are used as a tool to control the operations of the City. The City Clerk presents necessary budget amendments to the Board when he determines that actual operations are differing materially from those anticipated in the original budget. The Board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the City's minutes published in the official journal. The budget is established and controlled by the mayor and Council members at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the Council members. The City does not use encumbrance accounting in its accounting system.

E. CASH AND CASH EQUIVALENTS Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The City may invest in certificates and time deposits any bank domiciled or having a branch office in the State of Louisiana.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

F. INVESTMENTS Under state law, the City may invest funds in U.S. Treasury obligations, U.S. government agency obligations, direct repurchase agreements, money market funds, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments are stated at fair market value.

G. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

H. CAPITAL ASSETS Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their acquisition value at the date of donation. The City's practice is to capitalize all capital assets with a cost of \$1,000 or more. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used for governmental fund-type based on the following estimated useful lives:

Land	N/A
Infrastructure	20-40 years
Building and Improvements	15-20 years
Furniture and equipment	5-10 years

The capital assets used in the proprietary fund-type operations are included on the statement of net position of the fund. Depreciation of all exhaustible capital assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over estimated lives of 20-60 years for the plant, distribution system, and collection system, 3 to 10 years for furniture and equipment.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

The City recognition and measurement criterion for compensated absences follows:

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

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

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

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

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pension activities and is reported as a component of unrestricted net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one item that qualifies for reporting in this category. It is the deferred inflows of resources related to pension activities and is reported as a component of unrestricted net position.

M. RESTRICTED ASSETS Certain grants received by the City contained restrictions on spending for specific purposes. The General, Water and Sewer funds have accounts related to debt covenants that are restricted. In the Water fund, the customer deposits are also restricted. Although the City has recorded \$169,486 in payable from restricted assets - customer deposits, the actual restricted cash and cash equivalents for customer deposits equates to \$158,236.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

N. RISK MANAGEMENT The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the City maintains commercial insurance policies covering its automobiles, property, and surety bond coverage. The City retains the risk of loss for general liability. There were no significant reductions in insurance coverage during the year ended June 30, 2021 for the primary government.

O. RESTRICTED NET POSITION For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. The restricted net position reported for street maintenance in the statement of activities is restricted by law through constitutional provisions or by enabling legislation.

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the City or motions were passed at a Council meeting committing the funds. The motions passed are usually the result of budget revisions.

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

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

Restricted amounts are considered to have been spent first when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance is available. The City reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Q. INTERFUND TRANSACTIONS Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transfers are reported as transfers.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

R. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflow/inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

S. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations in Individual Funds The following individual fund had actual expenditures over budgeted expenditures for the year-ended June 30, 2021.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Section 8	\$ 226,645	\$ 226,718	\$ (73)

B. Deficit Fund Balances The following fund had a deficit fund balance at June 30, 2021:

<u>Fund</u>	<u>Deficit Amount</u>
Water	\$ 4,665,839

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following at June 30, 2021:

Petty Cash	\$ 1,125
Demand deposits	1,943,467
Money market mutual funds	1,033,511
Total	<u>\$ 2,978,103</u>

Deposits

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

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2021, the City's had a bank balance of \$2,054,389, in which \$1,554,389 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City's policy does not address custodial credit risk.

Interest Rate Risk: The City's policy does not address interest rate risk.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's has the following recurring fair value measurement as of June 30, 2021:

Money market mutual funds of \$1,033,511 are valued using quoted prices for similar investments in active markets (Level 2).

Credit risk. The money market mutual funds in which the City has invested are unrated. The City's policy does not address credit risk.

NOTE 4 - LEVIED TAXES The City levies property taxes on real and business property located within the City's boundaries. Property taxes are levied by the City on property values assessed by the Madison Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Madison Parish Tax Assessor prepares tax statements for the City. Ad valorem taxes were levied in October 2020 with a due date and collection date of December 31, 2020 and a lien date of January 1, 2021.

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

	<u>Adjusted</u> <u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund Operations	7.31	7.31	Statutory
Police, Fire, Streets & Bridges	6.79	6.79	2022
General Purposes	8.31	8.31	2020
Streets, Roads, Drainage	7.83	7.83	2020

NOTE 5 - RECEIVABLES The following is a summary of receivables at June 30, 2021:

<u>Class of Receivables</u>	<u>General</u>	<u>Section 8</u>	<u>Total</u>
<u>Governmental Activities:</u>			
Governmental Funds:			
Taxes:			
Sales & use	\$ 200,253	\$ -	\$ 200,253
Other taxes	30	-	30
Intergovernmental	29,818	-	29,818
Other	130,587	2,020	132,607
Total Governmental Funds	<u>\$ 360,688</u>	<u>\$ 2,020</u>	<u>\$ 362,708</u>
<u>Class of Receivables</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Business-type Activities:</u>			
Proprietary Funds:			
Intergovernmental	\$ -	\$ 119,660	\$ 119,660
Water user fees	305,642	-	305,642
Sewer user fees	-	111,030	111,030
Gross receivables	305,642	230,690	536,332
Less allowance for doubtful accounts	(12,719)	(4,573)	(17,292)
Total Proprietary net receivables	<u>\$ 292,923</u>	<u>\$ 226,117</u>	<u>\$ 519,040</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 6 - INTERFUND TRANSACTIONS/BALANCES Individual balances due from/to other funds at June 30, 2021, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 103,886
General Fund	Sewer Fund	1,519
General Fund	Nonmajor Governmental	7,998
Nonmajor Governmental	General Fund	1,494
Water Fund	Nonmajor Governmental	66
Sewer Fund	Water Fund	146,056
Total		<u>\$ 261,019</u>

The Sewer Fund loaned the Water fund \$90,000 to cover the Water Fund's cash shortfall. The remaining interfund balances resulted from fund reimbursements and transfers not made before year-end.

Transfers during the year were as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	\$ 200
Water Fund	Sewer Fund	80,000
Total		<u>\$ 80,200</u>

The City transferred money from the Sewer Fund to the Water Fund and from the General Fund to the Nonmajor Governmental (Capital Projects Fund) to cover cash shortfalls.

NOTE 7 - CAPITAL ASSETS The changes in capital assets for the year ended June 30, 2021 are as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 78,500	\$ -	\$ -	\$ 78,500
Construction in progress	573,423	-	421,989	151,434
Total capital assets, not being depreciated	<u>651,923</u>	<u>-</u>	<u>421,989</u>	<u>229,934</u>
Depreciable assets:				
Infrastructure	647,495	421,989	-	1,069,484
Buildings and improvements	2,960,988	-	-	2,960,988
Furniture and equipment	1,898,921	64,510	68,281	1,895,150
Total capital assets, being depreciated	<u>5,507,404</u>	<u>486,499</u>	<u>68,281</u>	<u>5,925,622</u>
Less: accumulated depreciation	<u>(4,202,354)</u>	<u>(234,468)</u>	<u>(68,281)</u>	<u>(4,368,541)</u>
Depreciable capital assets, net	<u>1,305,050</u>	<u>252,031</u>	<u>-</u>	<u>1,557,081</u>
Total capital assets, net	<u>\$ 1,956,973</u>	<u>\$ 252,031</u>	<u>\$ 421,989</u>	<u>\$ 1,787,015</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 23,620
Police department	46,962
Fire department	52,316
Street department	100,389
Health and welfare	8,960
Culture and recreation	2,221
Total	<u>\$ 234,468</u>

	Balance Beginning	Additions	Deletions	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 678,330	\$ -	\$ -	\$ 678,330
Construction in progress	24,900	133,540	-	158,440
Total capital assets, not being depreciated	<u>703,230</u>	<u>133,540</u>	<u>-</u>	<u>836,770</u>
Depreciable assets:				
Building and improvements	18,139	-	-	18,139
Equipment	894,062	70,157	6,900	957,319
Water plant and systems	11,112,957	-	-	11,112,957
Sewer plant and systems	7,866,378	-	-	7,866,378
Water and sewer transmission lines	10,478,750	-	-	10,478,750
Total depreciable assets	<u>30,370,286</u>	<u>70,157</u>	<u>6,900</u>	<u>30,433,543</u>
Less accumulated depreciation	<u>(17,254,604)</u>	<u>(1,068,050)</u>	<u>(6,900)</u>	<u>(18,315,754)</u>
Depreciable capital assets, net	<u>13,115,682</u>	<u>(997,893)</u>	<u>-</u>	<u>12,117,789</u>
Total capital assets, net	<u>\$ 13,818,912</u>	<u>\$ (864,353)</u>	<u>\$ -</u>	<u>\$ 12,954,559</u>

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

Water	\$ 749,467
Sewer	318,583
Total	<u>\$ 1,068,050</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8 - PENSION PLANS Substantially all employees of the City of Tallulah are members of either the Municipal Police Employees Retirement System of Louisiana (MPERS), Nationwide Retirement Solutions' 457 Government Plan and Trust or the Social Security System.

DEFINED BENEFIT PLAN

Plan Description:

The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing, multiple employer defined benefit pension plan that provides retirement, disability, and survivor's benefits to municipal police officers. MPERS issues a public report that includes financial statements and required supplementary information and may be obtained at www.lampers.org.

Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

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

Cost of Living Adjustments

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

Deferred Retirement Option Plan

MPERS members are eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the retirement plan is terminated.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts. If employment is not terminated, active contributing membership in the retirement plan shall resume and upon later termination, the member shall receive additional retirement benefit based on the additional service.

Initial Benefit Option Plan

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly benefit for life.

Employer Contributions

The contribution requirements of plan members and the City of Tallulah are established and may be amended by state statute. According to state statute, contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2021, the actuarially determined employer contribution rate was 30.86% of member's compensation. However, the actual rate for employer contributions for fiscal year ending June 30, 2021 was 33.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all non-hazardous duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 7.5%, respectively. City of Tallulah's contributions to the MPERS for the year ended June 30, 2021 was \$29,908.

Non-employer Contributions

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the fiscal year. During fiscal year 2021, the City recognized \$6,772 in non-employer contributions as intergovernmental revenue.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a liability of \$287,150 for its proportionate share of the MPERS's Net Pension Liability (NPL). The NPL was measured as of June 30, 2020, and the total pension liabilities used to calculate the NPL was determined by actuarial valuations as of that date. The City's proportions of the NPL were based on an allocation method based on employer's contributions to MPERS during the year ended June 30, 2020 as compared to the total of all employers' contributions to MPERS during the year ended 2020. As of June 30, 2020, the most recent measurement date, the City's proportions and the changes in proportion from the prior measurement date was 0.031069%, or a decrease of 0.008708%.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

For the year ended June 30, 2021, the City recognized a total pension expense of \$47,344 for MPERS. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,311
Changes of assumptions	6,823	7,086
Net difference between projected and actual earnings on pension plan investments	34,449	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,838	161,419
Employer contributions subsequent to the measurement date	29,908	-
Total	<u><u>\$ 127,018</u></u>	<u><u>\$ 179,816</u></u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the MPERS NPL in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
MPERS	\$ (16,714)	\$ (61,508)	\$ (11,025)	\$ 6,541

Actuarial Assumptions. The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net pension. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	4 years
Investment rate of return	6.95%, net of investment expense
Inflation rate	2.50% per annum
Salary increases, including inflation and merit	1 to 2 years of service - 12.30% Above 2 years of service - 4.70%
Mortality: Annuitants and beneficiaries	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Mortality: Disabled lives	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale
Mortality: Employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale
Cost of living adjustments	Not substantively automatic

Mortality assumptions were set based upon an experience study for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.19% for the year ended June 30, 2020.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.5%	3.08%
Fixed income	33.5%	0.54%
Alternatives	18.0%	1.02%
Other	0.0%	0.00%
Totals	100.0%	4.64%
Inflation		2.55%
Expected nominal return		7.19%

Discount Rate. The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of MPERS's actuary. Based on those assumptions, the MPERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Changes in assumptions. The following changes in assumptions were made in the June 30, 2020 valuation from the assumptions used in the June 30, 2019 valuation:

- The discount rate was decreased from 7.125% to 6.95%.
- The mortality assumptions were updated using an experience study for the period July 1, 2014 through June 30, 2019. Prior year mortality assumptions were based on an experience study for the period July 1, 2009 through June 30, 2014.
- The mortality tables changed from the RP-2000 Sex Distinct Tables to the Pub-2010 Retirement Tables for Safety with full generational projection using the MP2019 scale.
- Salary increases changed from varying from 9.75 to 4.25% after 23 years to 12.30% for 1 to 2 years of service and 4.70% for above 2 years of service.

Based on the updated experience study (July 1, 2014 – June 30, 2019), expectations of future experience, mortality, retirement, DROP entry, and withdrawal rates were changed. Family statistics were also updated and the salary scale assumption was decreased. The discount rate was decreased to reduce plan risk and to improve the probability of achieving the expected long-term rate of return assumption.

Sensitivity of the proportionate share of the NPL to changes in the discount rate. The following presents the City’s proportionate share of the NPL for MPERS using the current discount rate as well as what the City’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease 5.95%	Current Discount Rate 6.95%	1.0% Increase 7.95%
Net Pension Liability	\$403,415	\$287,150	\$189,957

Pension plan fiduciary net position. Detailed information about MPERS’s fiduciary net position is available in the separately issued financial report referenced above.

Payables to the Pension Plan. At June 30, 2021, the City had \$17,578 in payables to MPERS for employee and employer legally required contributions.

NOTE 9 – ACCOUNTS AND OTHER PAYABLES The accounts and other payables at fiscal year ended June 30, 2021 are as follows:

Class of Payables	General	Section 8	Nonmajor Governmental	Water Fund	Sewer Fund	Total
Accounts Payable	\$ 167,177	\$ 3,706	\$ 4,914	\$ 37,030	\$ 158,324	\$ 371,151
Retainage Payable	-	-	-	-	9,498	9,498
Customer Refunds Payable	-	-	-	94,177	-	94,177
Wages Payable	19,866	-	-	6,279	2,167	28,312
Net total payable	\$ 187,043	\$ 3,706	\$ 4,914	\$137,486	\$ 169,989	\$ 503,138

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 10 - ON-BEHALF SUPPLEMENTAL PAY Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$54,533 is recognized as intergovernmental revenue and public safety expenditures. Of the \$54,533 recognized, the State paid \$30,533 to City police officers and \$24,000 to City firemen.

NOTE 11 - LONG-TERM DEBT Governmental activities long-term debt are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major capital additions. The general obligation bonds are paid with the appropriate debt service funds from funds provided by an ad valorem tax. The certificates of indebtedness and loans payable were issued for the purpose of the acquisition of major capital asset additions for the fire department and are paid from excess revenues of the General Fund. Capital leases were paid from the General Fund.

The City has issued revenue bonds and loans payable in which the City pledged income derived from the acquired or constructed assets to pay debt service. This long-term debt is reported in the business-type activities, in which payments are made by the Water and Sewer Funds. See Note 13 for additional information on pledged revenues.

During the year ended June 30, 2021, the following changes occurred in governmental activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Direct borrowings & placements:					
Loans payable	\$ 423,531	\$ -	\$ 53,606	\$ 369,925	\$ 55,979
Capital leases	25,112	-	25,112	-	-
Compensated absences	21,043	33,942	29,800	25,185	25,185
Total	<u>\$ 469,686</u>	<u>\$ 33,942</u>	<u>\$ 108,518</u>	<u>\$ 395,110</u>	<u>\$ 81,164</u>

During the year ended June 30, 2021, the following changes occurred in business-type activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Public Offerings					
Revenue bonds	\$ 7,595,000	\$ -	\$ 490,000	\$ 7,105,000	\$ 500,000
Bond premiums	82,995	-	6,552	76,443	-
Direct borrowings & placements:					
Loans payable	2,633,743	-	55,098	2,578,645	57,476
Capital leases	3,290	57,344	5,186	55,448	9,711
Compensated absences	7,611	11,380	9,137	9,854	9,854
Total	<u>\$ 10,322,639</u>	<u>\$ 68,724</u>	<u>\$ 565,973</u>	<u>\$ 9,825,390</u>	<u>\$ 577,041</u>

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

The following is a summary of long-term obligation transactions for the year ended June 30, 2021:

	<u>Issue Dates</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities						
Loans Payable:						
Loans Payable - Fire Truck	1/29/2019	2/1/2031	4.540%	\$ 300,000	\$ 260,968	
Loans Payable - Police Cars	8/25/2019	1/25/2024	4.360%	174,220	108,957	
Business-type activities						
Revenue Bonds:						
Water Revenue Refunding Bonds Series 2012	6/22/2012	9/1/2031	2.6-5.0%	5,275,000		\$ 3,475,000
Water Revenue Refunding Bonds Series 2016	2/24/2016	9/1/2032	2.0-4.0%	4,665,000		3,630,000
Loans payable (USDA):						
Sewer Rehab Phase I	9/6/2006	9/6/2046	4.375%	2,660,000		2,170,600
Sewer Rehab Phase II	9/6/2006	9/6/2046	4.375%	500,000		408,045
Totals					<u>369,925</u>	<u>9,683,645</u>
Current Portion of Debt					(55,979)	(557,476)
Total Long Term Portion of Debt					<u>\$ 313,946</u>	<u>\$ 9,126,169</u>

The annual requirements to amortize all outstanding debt at June 30, 2021 are as follows:

Year	<u>Governmental Activities Debt</u>		<u>Water Enterprise Debt</u>		<u>Sewer Enterprise Debt</u>	
	<u>Direct Borrowings</u>		<u>Public Offerings</u>		<u>Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 55,979	\$ 16,596	\$ 500,000	\$ 282,585	\$ 57,476	\$ 111,652
2023	58,458	14,118	525,000	265,390	60,021	109,107
2024	61,046	11,530	540,000	245,934	62,700	106,428
2025	24,218	8,826	555,000	224,322	65,499	103,629
2026	25,318	7,727	585,000	201,813	68,423	100,705
2027-2031	144,906	20,316	3,285,000	609,015	390,747	454,893
2032-2036	-	-	1,115,000	36,304	486,099	359,541
2037-2041	-	-	-	-	604,720	240,920
2042-2046	-	-	-	-	752,286	93,354
2047	-	-	-	-	30,674	182
Total	<u>\$ 369,925</u>	<u>\$ 79,113</u>	<u>\$ 7,105,000</u>	<u>\$ 1,865,363</u>	<u>\$ 2,578,645</u>	<u>\$ 1,680,411</u>

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

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

Water Improvement Bonds, Refunding Series 2012 and 2016 Bond Covenants: The material provisions of the bond covenants for the Water Improvement Refunding Bonds are as follows:

- The issuer will always provide revenues in each fiscal year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each fiscal year and will provide net revenues at least equal to 125% of the principal and interest falling due in such year on all bonds or other obligations payable from the net revenues and will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such Fiscal Year.
- The maintenance of a separately identifiable fund or account designated as the “Water System Revenue Bond Debt Service Fund” sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Parity Obligations, as they become due and payable, by transferring from the Revenue Fund to the Debt Service Fund, monthly in advance on or before the 25th day of each month of each year, a sum equal to 1/6th of the interest falling due on the next interest payment date and 1/12 of the principal falling due on the next principal payment date.
- The establishment and maintenance of a separately identifiable fund or account with a deposit from the bond proceeds equal to the required debt service reserve requirement. The reserve fund requirement is as of any date of calculation, a sum equal to 50% of the highest combined principal and interest requirements for any succeeding fiscal year.

For the fiscal year ended June 30, 2021, the Water Fund’s net revenues were 118% of the principal and interest falling due on all bonds or other obligations payable. In September 2019, the City withdrew \$338 thousand from the Series 2012 and Series 2016 debt service reserve funds to meet the bonds’ September 1, 2020 debt service payment. Per the agreement with Regions, the City’s fiscal and paying agent, the City is to replenish the reserve funds by monthly depositing \$20 thousand into the City’s Regions reserve accounts until the required reserve balance is reached. In addition, each month until the bonds are paid in full, the City is to deposit \$66 thousand into the City’s Regions debt service accounts. The deposits held in the Regions debt service accounts are to be used to pay the principal and interest payments as they come due with the last payment being paid from the reserve funds. The City made the required deposits during fiscal year 2021.

Required Debt Reserves: The required debt reserves and amounts reserved as of June 30, 2021 for the City are as follows:

	Debt Issued	Required Reserve	Amount Reserved
Business-type Activities:			
Water Fund:			
Water Improvement Bonds, Refunding Series 2012	\$ 5,275,000	\$ 469,203	\$ -
Water Improvement Bonds, Refunding Series 2016	4,665,000	441,326	1,036,143
Total Water Fund	9,940,000	910,529	1,036,143
Sewer Fund:			
Sewer Rehab Phase I	2,660,000	210,099	-
Sewer Rehab Phase II	500,000	39,471	249,704
Total Sewer Fund	3,160,000	249,570	249,704
Total Business-Type Activities	\$13,100,000	\$ 1,160,099	\$ 1,285,847

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 12 - CAPITAL LEASES The City has one lease agreement as lessee for financing the acquisition of equipment. The equipment has a ten-year estimated useful life. The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Original Cost</u>	<u>Current Year Depreciation</u>	<u>Accumulated Depreciation</u>
<u>Sewer Department Equipment:</u>			
2021 Case IH Farmall 100A Tractor & Loader	\$ 57,344	\$ 5,734	\$ 5,734

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>
2022	\$ 11,579
2023	12,632
2024	12,632
2025	12,632
2026	11,584
Total minimum lease payments	61,059
Less: amount representing interest	(5,611)
Present value of minimum lease payments	<u>\$ 55,448</u>

NOTE 13 - PLEDGED REVENUES The City has pledged future water and sewer customer revenues, net of specified operating expenses to repay \$7,105,000 in water revenue bonds payable and \$2,578,645 in sewer loans payable. Proceeds from revenue bonds/loans payable provided financing for the purpose of constructing and acquiring extensions, improvements to the waterworks and sewer systems of the City of Tallulah. The revenue bonds/loans payable are payable solely from water and sewer customer net revenues and are payable through fiscal year ended 2033 for the Water Fund and fiscal year ended 2047 for the Sewer Fund. Total principal and interest remaining to be paid on the water and sewer revenue bonds/loans payable is \$8,970,363 and \$4,259,056, respectively. Water principal and interest paid for the current year was \$786,690 and total net revenue (loss) per Statement H was \$(14,921). Sewer principal and interest paid for the current year was \$169,128 and total net revenue (loss) per Statement H was \$124,269. See Note 11 for additional information on the Water and Sewer revenue bonds/loans payable.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Contingencies: The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

In November 2014, the Louisiana Court of Appeals affirmed the judgement against the City of Tallulah awarding plaintiffs \$1.2 million regarding a vehicle accident involving a City employee. The City is vigorously contesting the enforceability of this judgment because: Louisiana Constitution Article XII, Section 10(c) provides that “no judgment against the State, of State agency or a political subdivision shall be eligible, payable or paid except for funds appropriated therefore by the legislature or by the political subdivision against which the judgement is rendered.” The City is not insured against this asserted claim. No liability has been recorded for this judgement. The City is also the defendant in various lawsuits. It is the opinion of management and legal counsel for the City that potential claims against the City not covered by insurance would not materially affect the financial statements.

Administrative Order: On January 2, 2019, the City was placed under an Administrative Order (AO) by the Louisiana Department of Health. The AO states that the City was non-compliant with several state primary drinking water regulations. The AO lists remedial actions that the City must undertake by specific deadlines to comply with all rules, regulations, and standards. If the City fails to meet the deadlines without an approved extension, the state health officer may assess a penalty up to a maximum of \$3,000 per day for each day the City’s water system is not in compliance. At the date of this report, no fines have been assessed.

On October 22, 2020, the City Council approved a \$7.8 million water plant rehabilitation project that will address all issues listed in the administrative order. The water plant rehabilitation will be funded through a USDA loan (\$4.0 million) and USDA grant (\$3.8 million). The USDA loan will be repaid from mandatory water rate increases. The project specifications and plans have been given to the USDA and LDHH for approval and the City is waiting on approval.

Water Sales Customer Refunds: On March 11, 2021, the City Council voted on an ordinance to raise water rates to provide the resources to repay the debt that will be incurred for water plant rehabilitation project as the debt becomes due. In November 2021, it was determined that the ordinance adopted did not have the required votes because the Mayor was not legally authorized to break a tie vote when all council members are present and one member abstains from voting. As a result, the ordinance was nullified and the increased water rates charged from May 2021 to November 2021 must be refunded. The City estimates that the total residential and commercial customer refunds will be approximately \$331 thousand. The City accrued \$94,177 in accounts payable for the water rate increase collected in fiscal year 2021. The City expects to make the required refunds in December 2021 and January 2022.

Construction Projects: The City is involved in several projects at fiscal year ended June 30, 2021 which include the Ethel Street drainage project, a sewer plant improvement project, and a new water well project. At June 30, 2021, the City had approximately \$380 thousand remaining on the sewer plant improvement contract.

NOTE 15 - RISK MANAGEMENT The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the City carries commercial insurance. The City currently has a \$10,000 deductible for its fire and casualty loss insurance coverage and no deductible for the other policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City retains the risk of loss for general liability.

City of Tallulah
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 16 - FUND BALANCE CLASSIFICATION DETAILS The following are details of the fund balance classification:

	<u>General Fund</u>	<u>Section 8</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable	\$ 876	\$ -	\$ -	\$ 876
Restricted for:				
Section 8 program	-	47,955	-	47,955
Street maintenance	-	-	178,856	178,856
Construction projects	-	-	17	17
Unassigned	1,309,645	-	-	1,309,645
Total	<u>\$ 1,310,521</u>	<u>\$ 47,955</u>	<u>\$ 178,873</u>	<u>\$1,537,349</u>

NOTE 17 – SUBSEQUENT EVENTS On July 29, 2021, the City issued \$7,095,000 in Water Revenue Refunding Series 2021 with interest rate of 1.85%. The proceeds plus \$1,099,430 in debt service reserve funds were used 1) to refund \$3,475,000 in Water Revenue Refunding Bonds Series 2012 and \$3,630,000 in Water Revenue Refunding Bonds Series 2016, 2) to deposit \$370,264 in the Series 2021 debt service reserve fund and \$384,756 in the Series 2021 debt service fund, and 3) to pay \$202,934 in bond issuance costs.

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

See the Water Sales Refund section in Note 15 – Commitments and Contingencies for addition subsequent event information.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2021

Exhibit 1-1

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

Fiscal Year*	Employer's Proportion of the net pension liability (asset)	Employer's Proportionate share of the net pension liability (asset)	Covered payroll	Employer's Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Municipal Police Employees' Retirement System					
2015	0.115035%	\$ 719,668	\$ 205,010	351%	75.10%
2016	0.057648%	451,612	160,089	282%	70.73%
2017	0.029801%	279,319	90,854	307%	66.04%
2018	0.040175%	350,745	109,566	320%	70.08%
2019	0.067047%	566,819	203,590	278%	71.89%
2020	0.039777%	361,242	136,810	264%	71.01%
2021	0.031069%	287,150	102,036	281%	70.94%

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

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

Exhibit 1-2

Schedule of Employer Contributions to Pension Plan
Last Seven Years

Fiscal Year*	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered payroll	Contributions as a percentage of covered payroll
Municipal Police Employees' Retirement System					
2015	\$ 50,428	\$ 50,428	\$ -	\$ 160,089	31.50%
2016	26,802	26,802	-	90,854	29.50%
2017	34,991	34,991	-	109,566	31.94%
2018	62,604	62,604	-	203,590	30.75%
2019	44,121	44,121	-	136,810	32.25%
2020	33,162	33,162	-	102,036	32.50%
2021	29,908	29,908	-	88,615	33.75%

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

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

City of Tallulah
Pension Supplementary Information
As of and for the Year Ended June 30, 2021

Notes to Required Supplementary Information for Pensions

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

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

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

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

See independent auditor's report.

City of Tallulah

Budgetary Comparison Schedules

Major Funds with Legally Adopted Annual Budget

General Fund - is the general operating fund of the City. It accounts for all financial resources, except those required to be accounted for in other funds.

Section 8 Fund - accounts for the operations of the lower income housing assistance program which provides aid to very low-income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

CITY OF TALLULAH

GENERAL FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

Exhibit 2-1

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 160,386	\$ 631,100	\$ 631,100	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	461,000	461,000	491,450	30,450
Sales and use	1,300,000	1,300,000	1,769,177	469,177
Other taxes, penalties, and interest	158,000	158,000	306,204	148,204
Licenses and permits	165,000	165,000	93,341	(71,659)
Intergovernmental revenues	228,100	502,100	603,367	101,267
Rental income	-	-	125	125
Use of money and property	-	-	2	2
Fines and forfeitures	125,000	125,000	237,626	112,626
Miscellaneous revenues	-	-	122,258	122,258
Transfers from other funds	200,000	200,000	-	(200,000)
	<u>2,797,486</u>	<u>3,542,200</u>	<u>4,254,650</u>	<u>712,450</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	683,690	763,690	729,241	34,449
Police department	686,900	722,900	738,851	(15,951)
Fire department	368,435	434,735	428,631	6,104
Street department	574,100	654,100	670,504	(16,404)
Health and welfare	1,000	1,000	1,858	(858)
Culture and recreation	87,150	124,530	138,086	(13,556)
Legislative	66,000	66,000	60,949	5,051
Transportation	48,000	48,000	48,569	(569)
Capital outlay	107,000	107,000	27,500	79,500
Debt service:				
Principal retirement	79,854	79,854	78,718	1,136
Interest and bank charges	25,248	25,248	21,022	4,226
Transfers to other funds	1,000	1,000	200	800
	<u>2,728,377</u>	<u>3,028,057</u>	<u>2,944,129</u>	<u>83,928</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	<u>\$ 69,109</u>	<u>\$ 514,143</u>	<u>\$ 1,310,521</u>	<u>\$ 796,378</u>

See independent auditor's report.

CITY OF TALLULAH

SECTION 8
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2021

Exhibit 2-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 47,879	\$ 47,351	\$ 47,351	\$ -
Resources (inflows)				
Intergovernmental revenues	197,000	197,000	203,259	6,259
Use of money and property	30	30	33	3
Miscellaneous revenues	19,600	19,600	24,030	4,430
Amounts available for appropriations	264,509	263,981	274,673	10,692
Charges to appropriations (outflows)				
Current:				
Health and welfare	226,645	226,645	226,718	(73)
Total charges to appropriations	226,645	226,645	226,718	(73)
BUDGETARY FUND BALANCES, ENDING	\$ 37,864	\$ 37,336	\$ 47,955	\$ 10,619

See independent auditor's report.

City of Tallulah

**Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2021**

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

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

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

Note B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED APPROPRIATIONS The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Section 8	\$ 226,645	\$ 226,718	\$ (73)

Note C. BUDGET TO GAAP RECONCILIATION Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>GENERAL</u>	<u>SECTION 8</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 4,254,650	\$ 274,673
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(631,100)	(47,351)
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	3,623,550	227,322
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	2,944,129	226,718
Transfers to other funds classified and expenditures for budgetary purposes and as an operating transfer for financial reporting	(200)	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 2,943,929	\$ 226,718

See independent auditor's report.

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OTHER SUPPLEMENTARY INFORMATION:

City of Tallulah

**Nonmajor Governmental Funds
For the Year Ended June 30, 2021**

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

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

- Ethel Street Drainage Project
- Harlem Street Drainage Project
- LCDBG Projects
- USDA Construction

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet - By Fund Type
 June 30, 2021

Exhibit 3

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash and cash equivalents	\$ 182,276	\$ 8,081	\$ 190,357
Interfund receivables	1,494	-	1,494
TOTAL ASSETS	<u>183,770</u>	<u>8,081</u>	<u>191,851</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts, salaries and other payables	4,914	-	4,914
Interfund payables	-	8,064	8,064
TOTAL LIABILITIES	<u>4,914</u>	<u>8,064</u>	<u>12,978</u>
FUND BALANCES:			
Restricted	<u>178,856</u>	<u>17</u>	<u>178,873</u>
TOTAL FUND BALANCES	<u>178,856</u>	<u>17</u>	<u>178,873</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 183,770</u>	<u>\$ 8,081</u>	<u>\$ 191,851</u>

See independent auditor's report.

CITY OF TALLULAH

NONMAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances - By Fund Type
 For the Year Ended June 30, 2021

Exhibit 4

	SPECIAL REVENUE STREET	CAPITAL PROJECTS	TOTAL
REVENUES			
Taxes:			
Ad valorem	\$ 125,220	\$ -	\$ 125,220
Use of money and property	74	-	74
TOTAL REVENUES	<u>125,294</u>	<u>-</u>	<u>125,294</u>
EXPENDITURES			
Current:			
General and administrative	-	183	183
Street department	49,694	-	49,694
TOTAL EXPENDITURES	<u>49,694</u>	<u>183</u>	<u>49,877</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>75,600</u>	<u>(183)</u>	<u>75,417</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	200	200
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>200</u>	<u>200</u>
Net Change in Fund Balances	75,600	17	75,617
FUND BALANCES - BEGINNING	<u>103,256</u>	<u>-</u>	<u>103,256</u>
FUND BALANCES - ENDING	<u>\$ 178,856</u>	<u>\$ 17</u>	<u>\$ 178,873</u>

See independent auditor's report.

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

CITY OF TALLULAH

PROPRIETARY FUND TYPE - ENTERPRISE FUNDS
 Comparative Statement of Net Position
 June 30, 2021 and 2020

Exhibit 5

	2021 WATER FUND	2020 WATER FUND	2021 SEWER FUND	2020 SEWER FUND
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ -	\$ -	\$ 268,632	\$ 213,456
Receivables, net	292,923	276,924	226,117	125,201
Interfund receivables	66	66	146,056	12,925
Restricted Assets:				
Cash and cash equivalents	1,194,379	809,080	249,704	234,073
TOTAL CURRENT ASSETS	1,487,368	1,086,070	890,509	585,655
NONCURRENT ASSETS:				
Capital Assets:				
Land and construction in progress	90,351	90,351	746,419	612,879
Depreciable assets, net of depreciation	1,597,845	2,341,864	10,519,944	10,773,818
TOTAL NONCURRENT ASSETS	1,688,196	2,432,215	11,266,363	11,386,697
TOTAL ASSETS	3,175,564	3,518,285	12,156,872	11,972,352
LIABILITIES				
CURRENT LIABILITIES:				
Accounts and other payables	137,486	79,707	169,989	11,345
Interfund payables	249,942	119,441	1,519	20,366
Interest payable	96,992	101,647	-	-
Payable from restricted assets - customer deposits	169,486	169,031	-	-
Compensated absences	6,054	3,915	3,800	3,696
Capital leases - current	-	3,290	-	-
Revenue bonds payable - current	500,000	490,000	9,711	-
Loans payable - current	-	-	57,476	54,752
TOTAL CURRENT LIABILITIES	1,159,960	967,031	242,495	90,159
NONCURRENT LIABILITIES:				
Capital leases	-	-	45,737	-
Revenue bonds payable, net	6,681,443	7,187,995	-	-
Loans payable	-	-	2,521,169	2,578,991
TOTAL NONCURRENT LIABILITIES	6,681,443	7,187,995	2,566,906	2,578,991
TOTAL LIABILITIES	7,841,403	8,155,026	2,809,401	2,669,150
NET POSITION				
Net investment in capital assets	(5,493,247)	(5,249,070)	8,632,270	8,752,954
Restricted for debt service	939,151	620,305	249,704	234,073
Unrestricted	(111,743)	(7,976)	465,497	316,175
TOTAL NET POSITION	\$ (4,665,839)	\$ (4,636,741)	\$ 9,347,471	\$ 9,303,202

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments
to Agency Head (Continued)
For the Year Ended June 30, 2021

Exhibit 8

Agency Head

Mayor Charles M. Finlayson

Purpose	Amount
Salary	\$65,000
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$2,000
Vehicle Allowance	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

**Financial Data Schedule
Program Balance Sheet Summary**

Exhibit 7

Submission Type: unaudited

Fiscal Year End : 06/30/2021

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
112 Cash - Unrestricted	\$ 50,940	\$ 50,940
112.1 Cash - Restricted	-	-
124 Accounts Receivable - Other Gov't	2,020	2,020
190 Total Assets	<hr/> \$ 52,960	<hr/> \$ 52,960
312 Accounts Payable <= 90 Days	3,706	3,706
342 Unearned Revenue	1,299	1,299
347 Inter Program - Due To	-	-
300 Total Liabilities	<hr/> 5,005	<hr/> 5,005
512.1 Unrestricted Net Assets	47,955	47,955
512.2 Restricted Net Assets	-	-
513 Total Equity/Net Assets	<hr/> 47,955	<hr/> 47,955
600 Total Liabilities and Equity/Net Assets	<hr/> \$ 52,960	<hr/> \$ 52,960

(Continued)

CITY OF TALLULAH, LOUISIANA

**Financial Data Schedule
As of and For the Year Ended June 30, 2021**

Exhibit 7

Submission Type: unaudited

Fiscal Year End : 06/30/2021

	14.871 Housing	
	Choice Vouchers	Total
	<hr/>	<hr/>
70800 HUD PHA Operating Grants	\$ 203,259	\$ 203,259
71100 Investment Income - Unrestricted	33	33
71500 Other Revenue	24,030	24,030
	<hr/>	<hr/>
	227,322	227,322
91600 Office Expenses	40,173	40,173
91800 Travel	-	-
91900 Other	-	-
	<hr/>	<hr/>
96900 Total Operating Expenses	40,173	40,173
97000 Excess of Operating Revenue over Operating Expenses	187,149	187,149
97300 Housing Assistance Payments	129,329	129,329
97300 Tenant Protected	29,182	29,182
97350 HAP Portability-In	28,034	28,034
	<hr/>	<hr/>
90000 Total Expenses	186,545	186,545
10000 Excess (Deficiency) of Total Revenue Over (under) Total	604	604
11030 Beginning Equity	47,351	47,351
	<hr/>	<hr/>
11170 Administrative Fee Equity	47,955	47,955
11180 Housing Assistance Payments Equity	-	-

(Concluded)

CITY OF TALLULAH, LOUISIANA

**Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund**

Cash Basis Presentation

For the Six-Month Periods Ended December 31, 2020 and June 30, 2021

Exhibit 8

	First Six- Month Period Ended 12/31/2020	Second Six- Month Period Ended 6/30/2021
Beginning Balance of Amounts Collected	\$ 56,686	\$ 59,132
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	59,124	121,990
Bond Fees	18,601	20,074
Criminal Court Costs/Fees	7,500	20,138
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	1,998	1,692
Subtotal Collections	<u>87,223</u>	<u>163,894</u>
Less: Amounts Retained by Collecting Agency		
Self-Disbursed: Bond Fees	18,601	20,074
Self-Disbursed: Criminal Court Costs/Fees	5,054	15,950
Self-Disbursed: Criminal Fines - Other	57,266	121,990
Self-Disbursed: Criminal Fines - Other	1,610	1,197
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals (additional detail is not required)	1,858	-
Payments to 3rd Party Collection/Processing Agencies	388	495
Subtotal Disbursements/Retainage	<u>84,777</u>	<u>159,706</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 59,132</u>	<u>\$ 63,320</u>
Other Information		
Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers during the Fiscal Period	\$ -	\$ -

See independent auditor's report.

CITY OF TALLULAH, LOUISIANA

Justice System Funding Schedule - Receiving Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
For the Six Month Periods Ended December 31, 2020 and June 30, 2021

Exhibit 9

	First Six- Month Period Ended 12/31/2020	Second Six- Month Period Ended 6/30/2021
Receipts from:		
LA Department of Public Safety and Corrections - Bond Settlement Fees	\$ 25	\$ 88
Subtotal Receipts	<u>\$ 25</u>	<u>\$ 88</u>
Ending Balance of Amounts Assessed but not Received	<u>\$ -</u>	<u>\$ -</u>

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallulah, Louisiana (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Tallulah, Louisiana's basic financial statements, and have issued our report thereon dated December 23 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



A Professional Accounting Corporation

Baton Rouge, LA
December 23, 2021

CITY OF TALLULAH, LOUISIANA
Schedule of Findings and Responses
For Year Ended June 30, 2021

A. Summary of Auditor's Results

Financial Results

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting	
A. Material weaknesses identified?	None
B. Significant deficiencies identified not considered to be material weaknesses?	None
C. Non-compliance material to the financial statements noted?	No
D. Other matter	No

Federal Awards

Not Applicable.

B. Findings - Financial Statement Audit

None.

C. Other Matters

None.

CITY OF TALLULAH, LOUISIANA
Schedule of Prior Year Findings and Responses
For Year Ended June 30, 2021

2020-001 Violation of Debt Covenants

Status: This finding has been resolved.

2020-002 Unauthorized Payment of Back Wages

Status: This matter has been resolved.