

TOWN OF NEW LLANO

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

ROZIER, MCKAY, AND WILLIS
Certified Public Accountants
Alexandria, Louisiana

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November 15, 2022

Independent Auditors' Report

The Honorable Mayor
and Members of the Town Council
Town of New Llano, Louisiana

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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 Town of New Llano, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Llano, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*



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Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information is the responsibility of management and was 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 additional 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 November 15, 2022 on our consideration of the Town'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 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 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 Town's internal control over financial reporting and compliance.



ROZIER, MCKAY, AND WILLIS
Certified Public Accountants
Alexandria, LA

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

This section of the Town of New Llano's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2022.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing water and sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with water and sewer services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's water and sewer services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

	June 30, 2022			
	Governmental Activities	Business-Type Activities	Total	For the Year Ended June 30, 2021
Assets:				
Current and Other Assets	\$ 1,441,668	\$ 876,354	\$ 2,318,022	\$ 1,817,047
Internal Balances	(409,723)	409,723	----	----
Capital Assets	4,233,214	6,437,172	10,670,386	10,733,944
Total Assets	<u>5,265,159</u>	<u>7,723,249</u>	<u>12,988,408</u>	<u>12,550,991</u>
Deferred Outflows	<u>166,761</u>	<u>50,138</u>	<u>216,899</u>	<u>180,941</u>
Liabilities:				
Current and Other Liabilities	59,415	173,167	232,582	203,830
Delayed Revenues	----	409,723	409,723	----
Long-term Liabilities	745,842	1,334,544	2,080,386	2,405,745
Total Liabilities	<u>805,257</u>	<u>1,917,434</u>	<u>2,722,691</u>	<u>2,609,575</u>
Deferred Inflows	<u>153,423</u>	<u>42,199</u>	<u>195,622</u>	<u>140,919</u>
Net Position:				
Invested in Capital Assets (Net)	3,717,214	5,220,553	8,937,767	8,792,325
Restricted	181,641	513,318	694,959	720,043
Unrestricted	574,385	79,883	654,268	469,070
Total Net Position	<u>\$ 4,473,240</u>	<u>\$5,813,754</u>	<u>\$10,286,994</u>	<u>\$ 9,981,438</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position is invested in capital assets. Net position invested in capital assets consist of land, construction in process, buildings, equipment, and infrastructure less any debt used to acquire the assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the Town's net position represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

The remaining net position is unrestricted and can be used at the discretion of the governing body.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 949,530	\$1,024,572	\$ 1,974,102	\$ 1,591,882
Operating Grants and Contributions	376,734	27,391	404,125	138,002
Capital Grants and Contributions	----	----	----	----
General Revenue:				
Sales Taxes	606,939	----	606,939	637,716
Property Taxes	99,359	14,800	114,159	107,646
Other Taxes	64,394	----	64,394	65,022
Franchise Taxes	162,509	----	162,509	147,621
Occupational Licenses	76,603	----	76,603	71,292
Other Licenses	18,216	----	18,216	15,810
Miscellaneous	86,702	249	86,951	19,052
Total Revenue	<u>2,440,986</u>	<u>1,067,012</u>	<u>3,507,998</u>	<u>2,794,043</u>
Program Expenses:				
General Government	345,565	----	345,565	257,003
Public Safety				
Police Department	705,979	----	705,979	380,977
Fire Department	471,155	----	471,155	488,215
Streets, Drainage, & Recreation	341,201	----	341,201	168,160
Water	----	685,241	685,241	583,504
Sewer	----	632,026	632,026	381,506
Interest on Long-Term Debt	21,275	----	21,275	30,097
Total Expenses	<u>1,885,175</u>	<u>1,317,267</u>	<u>3,202,442</u>	<u>2,289,462</u>
Increase (Decrease) in Net Position Before Transfers	555,811	(250,255)	305,556	504,581
Transfers	(92,173)	92,173	----	----
Change in Net Position	<u>463,638</u>	<u>(158,082)</u>	<u>305,556</u>	<u>504,581</u>
Net Position Beginning	<u>4,009,602</u>	<u>5,971,836</u>	<u>9,981,438</u>	<u>9,476,857</u>
Net Position Ending	<u>\$ 4,473,240</u>	<u>\$5,813,754</u>	<u>\$10,286,994</u>	<u>\$ 9,981,438</u>

Governmental activities before transfers experienced an increase of \$555,811. This increase is attributable to significant resources received from grants and court fines.

Business-type activities before transfers experienced a decrease of \$250,255. This decrease is attributable to significant repairs to the sewer system.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

- The Town's governmental funds reported combined fund balances of \$972,530 which represents an increase of \$135,253 in comparison to the previous balance. This increase is due to a significant increase in revenues and grant funds.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget and the budget is amended as necessary. Some revisions to the original budget were necessary in order to address changes in revenues and expenditures.

Capital Asset Administration

Highlights of the Town's capital asset administration are provided as follows:

- Three new police vehicles
- Work has continued on the new Town fire station

Debt Administration

Debt activity was limited to payment of principal and interest as these amounts become due.

Factors Expected to Affect Future Operations

There are no events or conditions that are expected to have a significant influence on future operations.

TOWN OF NEW LLANO

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 965,870	\$ 258,929	\$ 1,224,799
Receivables (net)	294,157	104,107	398,264
Restricted assets:			
Cash and cash equivalents	181,641	513,318	694,959
Internal Balances	(409,723)	409,723	-
Capital assets			
Non depreciable capital assets			
Land	279,284	28,835	308,119
Construction in Process	394,335	-	394,335
Depreciable capital assets, net	<u>3,559,595</u>	<u>6,408,337</u>	<u>9,967,932</u>
Total assets	<u>5,265,159</u>	<u>7,723,249</u>	<u>12,988,408</u>
<u>DEFERRED OUTFLOWS</u>			
Pension funding deferrals	<u>166,761</u>	<u>50,138</u>	<u>216,899</u>
Total deferred outflows	<u>166,761</u>	<u>50,138</u>	<u>216,899</u>
<u>LIABILITIES</u>			
Accounts payable	59,415	30,641	90,056
Deposits due others	-	142,526	142,526
Delayed Revenue	-	409,723	409,723
Long-term liabilities			
Long-term debt			
Due within one year	93,000	125,000	218,000
Due in more than one year	423,000	1,091,619	1,514,619
Aggregate Net Pension Liability	<u>229,842</u>	<u>117,925</u>	<u>347,767</u>
Total liabilities	<u>805,257</u>	<u>1,917,434</u>	<u>2,722,691</u>
<u>DEFERRED INFLOWS</u>			
Pension funding deferrals	<u>153,423</u>	<u>42,199</u>	<u>195,622</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,717,214	5,220,553	8,937,767
Restricted:			
Debt Service	181,641	513,318	694,959
Unrestricted	<u>574,385</u>	<u>79,883</u>	<u>654,268</u>
Total net position (deficit)	<u>\$ 4,473,240</u>	<u>\$ 5,813,754</u>	<u>\$ 10,286,994</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	(Expenses) Revenue
					Total
<u>Governmental Activities:</u>					
General Government	\$ 345,565	\$ -	\$ -	\$ -	\$ (345,565)
Public Safety					
Police Department	705,979	949,530	19,916	-	263,467
Fire Department	471,155	-	245,718	-	(225,437)
Streets, Drainage, & Recreation	341,201	-	111,100	-	(230,101)
Interest on Long-Term Debt	21,275	-	-	-	(21,275)
Total Governmental Activities	<u>1,885,175</u>	<u>949,530</u>	<u>376,734</u>	<u>-</u>	<u>(558,911)</u>
<u>Business-Type Activities:</u>					
Water System	685,241	658,699	14,564	-	(11,978)
Sewer System	632,026	365,873	12,827	-	(253,326)
Total Business-Type Activities	<u>1,317,267</u>	<u>1,024,572</u>	<u>27,391</u>	<u>-</u>	<u>(265,304)</u>
Total Primary Government	<u>\$ 3,202,442</u>	<u>\$ 1,974,102</u>	<u>\$ 404,125</u>	<u>\$ -</u>	<u>(824,215)</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (558,911)	\$ (265,304)	\$ (824,215)
<u>General Revenues:</u>			
Taxes:			
Sales	606,939	-	606,939
Ad Valorem	99,359	14,800	114,159
Other	64,394	-	64,394
Licenses & Permits:			
Franchise Fees	162,509	-	162,509
Occupational Licenses	76,603	-	76,603
Other Licenses	18,216	-	18,216
Other	86,702	249	86,951
Transfers	(92,173)	92,173	-
Total General Revenues and Transfers	<u>1,022,549</u>	<u>107,222</u>	<u>1,129,771</u>
Change in Net Position	463,638	(158,082)	305,556
Net Position - Beginning	<u>4,009,602</u>	<u>5,971,836</u>	<u>9,981,438</u>
Net Position Ending	<u>\$ 4,473,240</u>	<u>\$ 5,813,754</u>	<u>\$ 10,286,994</u>

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

TOWN OF NEW LLANO

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General	Capital Projects	Non-Major Funds	Total Governmental Funds
Assets				
Cash & cash equivalents	\$ 473,985	\$ 410,501	\$ 81,384	\$ 965,870
Receivables (net)	294,157	-	-	294,157
Restricted Assets				
Cash and Cash Equivalents	-	-	181,641	181,641
Total assets	<u>\$ 768,142</u>	<u>\$ 410,501</u>	<u>\$ 263,025</u>	<u>\$ 1,441,668</u>
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts and other payables	\$ 59,415	\$ -	\$ -	\$ 59,415
Due to Other Funds	-	409,723	-	409,723
Delayed Revenue	-	-	-	-
Total liabilities	<u>59,415</u>	<u>409,723</u>	<u>-</u>	<u>469,138</u>
<u>Fund Balance</u>				
Restricted				
Debt Service	-	-	181,641	181,641
Assigned to Debt Service	-	-	81,384	81,384
Unassigned	708,727	778	-	709,505
Total Fund Balances	<u>708,727</u>	<u>778</u>	<u>263,025</u>	<u>972,530</u>
Total Liabilities and Fund Balance	<u>\$ 768,142</u>	<u>\$ 410,501</u>	<u>\$ 263,025</u>	<u>\$ 1,441,668</u>

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

TOWN OF NEW LLANO

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position June 30, 2022

Total Fund Balances - Governmental Funds	\$	972,530
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,233,214
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet		(516,000)
Pension liabilities and deferrals subject to exclusion for governmental fund reporting purposes		<u>(216,504)</u>
Net Position of Governmental Activities	\$	<u>4,473,240</u>

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

TOWN OF NEW LLANO

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

Year Ended June 30, 2022

	General	Capital Projects	Non-Major Fund	Total Governmental Funds
Revenues:				
Taxes				
Ad Valorem	\$ 57,029	\$ -	\$ 42,330	\$ 99,359
Sales Tax	606,939	-	-	606,939
License and permits				
Occupational Licenses	76,603	-	-	76,603
Franchise	162,509	-	-	162,509
Other	18,216	-	-	18,216
Intergovernmental	441,128	-	-	441,128
Fines and fees	949,530	-	-	949,530
Insurance Proceeds	34,436	-	-	34,436
Miscellaneous	51,989	45	232	52,266
Total revenues	<u>2,398,379</u>	<u>45</u>	<u>42,562</u>	<u>2,440,986</u>
Expenditures:				
Current				
General Government	303,834	-	-	303,834
Public Safety				
Police Department	751,091	-	-	751,091
Fire Department	471,125	-	-	471,125
Streets, Drainage, & Recreation	257,566	-	-	257,566
Capital Expenditures	320,669	-	-	320,669
Debt Service	-	-	109,275	109,275
Total expenditures	<u>2,104,285</u>	<u>-</u>	<u>109,275</u>	<u>2,213,560</u>
Excess (deficiency) of revenues over expenditures	294,094	45	(66,713)	227,426
Other sources (uses)				
Operating transfers in (out)	(152,173)	-	60,000	(92,173)
Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses	141,921	45	(6,713)	135,253
Fund balance - beginning of year	<u>566,806</u>	<u>733</u>	<u>269,738</u>	<u>837,277</u>
Fund balance - end of year	<u>\$ 708,727</u>	<u>\$ 778</u>	<u>\$ 263,025</u>	<u>\$ 972,530</u>

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

TOWN OF NEW LLANO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net change in fund balances of Governmental Funds \$ 135,253

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Other Depreciable Assets	320,669	
Depreciation expense reported on a government-wide basis	<u>(157,365)</u>	163,304

Changes in pension obligations and related deferrals are considered in preparing the statement of activities 77,081

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 88,000

Change in net position of governmental activities \$ 463,638

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

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2022

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 211,806	\$ 47,123	\$ 258,929
Receivables (net)	63,278	40,829	104,107
Due from Capital Projects Fund	-	409,723	409,723
Total current assets	<u>275,084</u>	<u>497,675</u>	<u>772,759</u>
Restricted Assets:			
Cash and cash equivalents	316,854	196,464	513,318
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	-	28,835	28,835
Depreciable capital assets, net	<u>3,387,626</u>	<u>3,020,711</u>	<u>6,408,337</u>
Total assets	<u>3,979,564</u>	<u>3,743,685</u>	<u>7,723,249</u>
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	<u>35,168</u>	<u>14,970</u>	<u>50,138</u>
Total deferred outflows	<u>35,168</u>	<u>14,970</u>	<u>50,138</u>

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

TOWN OF NEW LLANO

Statement of Net Position (Continued)

Proprietary Funds

June 30, 2022

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts & other payables	22,442	8,199	30,641
Delayed Revenues	-	409,723	409,723
Deposits due others	<u>142,526</u>	<u>-</u>	<u>142,526</u>
Total current liabilities	<u>164,968</u>	<u>417,922</u>	<u>582,890</u>
Liabilities Payable From Restricted Assets:			
Current portion of long-term debt	44,000	81,000	125,000
Noncurrent Liabilities:			
Long-term debt	666,619	425,000	1,091,619
Aggregate Net Pension Liability	<u>107,279</u>	<u>10,646</u>	<u>117,925</u>
Total liabilities	<u>982,866</u>	<u>934,568</u>	<u>1,917,434</u>
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	<u>31,451</u>	<u>10,748</u>	<u>42,199</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,677,007	2,543,546	5,220,553
Restricted:			
Debt Service	316,854	196,464	513,318
Unrestricted	<u>6,554</u>	<u>73,329</u>	<u>79,883</u>
Total net position (deficit)	<u>\$ 3,000,415</u>	<u>\$ 2,813,339</u>	<u>\$ 5,813,754</u>

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

TOWN OF NEW LLANO

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2022

	Business-Type Activities		
	Water System	Sewer System	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 609,090	\$ 365,873	\$ 974,963
Other	49,609	-	49,609
Total operating revenues	<u>658,699</u>	<u>365,873</u>	<u>1,024,572</u>
<u>Operating Expenses:</u>			
Salaries and wages	130,691	60,477	191,168
Materials, supplies, and maintenance	52,634	322,799	375,433
Office operations	189,446	37,127	226,573
Payroll taxes and expenses	36,696	15,976	52,672
Vehicle and travel	55,213	8,361	63,574
Professional Fees	5,845	-	5,845
Insurance	29,162	10,202	39,364
Miscellaneous	15,120	1,318	16,438
Utilities and telephone	35,316	39,463	74,779
Depreciation	109,244	117,618	226,862
Total operating expenses	<u>659,367</u>	<u>613,341</u>	<u>1,272,708</u>
Operating Income (Loss)	(668)	(247,468)	(248,136)
<u>Nonoperating Revenues (Expenses):</u>			
Advalorem Taxes	-	14,800	14,800
Operating Grants	14,564	12,827	27,391
Interest income	249	-	249
Interest expense	<u>(25,874)</u>	<u>(18,685)</u>	<u>(44,559)</u>
Change in Net Position Before Capital Grants & Transfers	(11,729)	(238,526)	(250,255)
<u>Capital Grants & Transfers</u>			
Transfers in (out)	<u>(21,332)</u>	<u>113,505</u>	<u>92,173</u>
Change in Net Position	(33,061)	(125,021)	(158,082)
Total Net Position - Beginning	<u>3,033,476</u>	<u>2,938,360</u>	<u>5,971,836</u>
Total Net Position - Ending	<u>\$ 3,000,415</u>	<u>\$ 2,813,339</u>	<u>\$ 5,813,754</u>

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

TOWN OF NEW LLANO

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 663,247	\$ 366,543	\$ 1,029,790
Cash payments to suppliers of goods and services	(419,759)	(442,061)	(861,820)
Cash payments to employees for services	(127,365)	(57,011)	(184,376)
Net cash provided (used) by operating activities	<u>116,123</u>	<u>(132,529)</u>	<u>(16,406)</u>
<u>Cash flows from non-capital financing activities:</u>			
Ad valorem taxes	-	14,800	14,800
Grant proceeds	14,564	12,827	27,391
Delayed Revenues	-	(409,723)	(409,723)
Due from other funds	-	409,723	409,723
Operating transfers in (out)	(21,332)	113,505	92,173
Net cash provided (used) by non-capital financing activities	<u>(6,768)</u>	<u>141,132</u>	<u>134,364</u>
<u>Cash flows from capital and related financing activities:</u>			
Principal paid on capital debt	(43,000)	(78,000)	(121,000)
Interest paid on capital debt	(25,874)	(18,685)	(44,559)
Net cash provided (used) by capital and related financing activities	<u>(68,874)</u>	<u>(96,685)</u>	<u>(165,559)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	249	-	249
Net cash provided (used) by investing activities	<u>249</u>	<u>-</u>	<u>249</u>
Net increase (decrease) in cash	40,730	(88,082)	(47,352)
Beginning cash balance	<u>487,930</u>	<u>331,669</u>	<u>819,599</u>
Ending cash balance	528,660	243,587	772,247
Restricted cash	<u>316,854</u>	<u>196,464</u>	<u>513,318</u>
Cash and cash equivalents	<u>\$ 211,806</u>	<u>\$ 47,123</u>	<u>\$ 258,929</u>

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

Continued...

TOWN OF NEW LLANO

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash provided (used) by operating</u>			
<u>activities</u>			
Operating income (loss)	\$ (668)	\$ (247,468)	\$ (248,136)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	109,244	117,618	226,862
(Increase) decrease in accounts receivable	(4,756)	670	(4,086)
(Decrease) increase in operating accounts payable	9,708	3,683	13,391
(Decrease) increase in customer deposits	9,304	-	9,304
(Decrease) increase in accrued salaries	3,326	3,466	6,792
(Decrease) increase in net pension liabilities	(10,035)	(10,498)	(20,533)
Net cash provided (used) by operating activities	\$ 116,123	\$ (132,529)	\$ (16,406)

Supplemental Disclosure of Cash Flow Information:

During the year ended June 30, 2022, there were no capital, operating, financing, or investing activities during the year that did not result in cash receipts or payments.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of New Llano (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire protection), streets and drainage, public improvements, utilities (water and sewerage), and general administrative services.

The accounting and reporting practices of the Town of New Llano, Louisiana conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of New Llano, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (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 Town of New Llano, Louisiana, for financial reporting purposes. Based on these criteria the Town has no potential component units. The criteria considered are listed as follows:

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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function, and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Governmental Funds

General Fund – The general fund is the primary operating fund and is used to account for all governmental activities.

American Rescue Plan – Management has placed the funds received through the American Rescue Plan in a special revenue fund to be used for future Town projects.

Business-Type Funds

Water and Sewer Funds – Are used to account for business type activities. The operations of the Town's Water System and Sewer System each utilize separate proprietary funds. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described below:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No Measurement Focus

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims, and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from fines and court cost is not recognized until it is collected.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Town Council Members and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Capital assets, which include property, equipment, and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Cash and Cash Equivalents and Investments

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Internal Balances

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Statement of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks, and certificates of deposit.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Compensated Absences

The Town does not accumulate any paid vacation, sick pay, or other employee benefit amounts because employees are not allowed to carry over significant amounts.

Delayed Revenues

Amounts collected from funding sources before the receipts are reported as delayed revenues. Revenues is reported when the earnings process is completed.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2022, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 965,770	\$ 258,929	\$ 1,224,699
Restricted Cash	181,641	513,318	694,959
Total Cash in bank	1,147,411	772,247	1,919,658
Cash on hand	100	----	100
Total	<u>\$ 1,147,511</u>	<u>\$ 772,247</u>	<u>\$ 1,919,758</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the 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. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2022, the Town has \$1,902,054 collected bank balance. These deposits are secured from risk by \$500,000 of federal deposit insurance and \$2,302,929 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 – TAXES

Ad Valorem Taxes

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Vernon Parish. For the year ended June 30, 2022, the Town has levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	4.04

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Levied per proposition originally approved March 31, 2007 authorizing general obligation debt to run for 20 years payable from a levy of ad valorem taxes. Since these taxes are dedicated to debt service, revenue is reported in a debt service fund. 3.00

Levied per proposition originally approved March 31, 2007 authorizing general obligation debt to run for 20 years payable from a levy of ad valorem taxes. These taxes are dedicated to debt service. Since these bonds are for the Towns sewerage system, revenue will be reported in the sewerage system. 1.05
8.09

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

Sales Taxes

Sales taxes are collected by the Parish of Vernon and remitted to the Town. For the year ended June 30, the Town has two propositions approved by the citizens. The total percentages levied are 1.5%. These sales tax propositions do not expire.

NOTE 4 - RECEIVABLES

The receivables at June 30, 2022, are as follows:

<u>Governmental Activities</u>			
	<u>General Fund</u>		
<u>Accounts Receivable</u>			
Franchise Fees	\$	19,676	
Sales Taxes		60,969	
Occupational licenses		13,512	
Grants Receivable		200,000	
Total Receivables		<u>294,157</u>	
Allowance for Doubtful Accounts		----	
Receivables, net of allowance	\$	<u>294,157</u>	
 <u>Business-Type Activities</u>			
<u>Accounts Receivable</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Utility Customers	\$ 66,940	\$ 43,205	\$ 110,145
Allowance for Doubtful Accounts	(3,662)	(2,376)	(6,038)
Total Utility Customer Receivables	<u>\$ 63,278</u>	<u>\$ 40,829</u>	<u>\$ 104,107</u>

NOTE 5 – CAPTIAL ASSETS

A summary of the property and equipment at June 30, 2022, consists of the following:

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Non Depreciable Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 279,284	\$ ----	\$ ----	\$ 279,284
Construction in progress	188,168	206,167	----	394,335
Total Governmental Activities	<u>\$ 467,452</u>	<u>\$ 206,167</u>	<u>\$ ----</u>	<u>\$ 673,619</u>
<u>Business-Type Activities</u>				
Land – Sewer System	28,835	----	----	28,835
Total Business-Type Activities	<u>\$ 28,835</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 28,835</u>

Capital Assets Being Depreciated

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Buildings	\$ 1,479,210	\$ ----	\$ ----	\$ 1,479,210
Infrastructure	1,703,006	----	----	1,703,006
Improvements	2,183,810	----	----	2,183,810
Vehicles & Equipment	966,614	114,500	(324,046)	757,068
Total	6,332,640	114,500	(324,046)	6,123,094
Less Accumulated Depreciation	(2,734,985)	(152,560)	324,046	(2,563,499)
Total Governmental Activities	<u>\$ 3,597,655</u>	<u>\$ (38,060)</u>	<u>\$ ----</u>	<u>\$ 3,559,595</u>

Capital Assets Being Depreciated

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Water System				
Water Distribution System	\$ 4,160,128	\$ ----	\$ ----	\$ 4,160,128
Vehicles & Equipment	158,748	----	----	158,748
Accumulated Depreciation	(822,006)	(109,244)	----	(931,250)
Total Water System	<u>3,496,870</u>	<u>(109,244)</u>	<u>----</u>	<u>3,387,626</u>
Sewer System				
Sewer Distribution System	4,733,664	----	----	4,733,664
Vehicles & Equipment	160,837	----	----	160,837
Accumulated Depreciation	(1,756,172)	(117,618)	----	(1,873,790)
Total Net of Depreciation	<u>3,138,329</u>	<u>(117,618)</u>	<u>----</u>	<u>3,020,711</u>
Total Business-Type	<u>\$ 6,635,199</u>	<u>\$ (226,862)</u>	<u>\$ ----</u>	<u>\$ 6,408,337</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

General Government	\$	37,189
Police Department		20,497
Fire Department		11,238
Streets, Drainage, & Recreation		83,636
Total Depreciation – Governmental Activities	\$	<u>152,560</u>

Business-Type Activities:

Water	\$	109,244
Sewer		117,618
Total Depreciation – Business-Type Activities	\$	<u>226,862</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a summary of payables at June 30, 2022:

	Salaries Payable	Payable To Vendors	Other	Total
Governmental Activities	\$ 32,946	\$ 22,613	\$ 3,856	\$ 59,415
Business-Type Activities				
Water Fund	\$ 8,139	\$ 14,303	\$ ----	\$ 22,442
Sewer Fund	3,466	4,733	----	8,199
Total Business-Type	<u>11,605</u>	<u>19,036</u>	<u>----</u>	<u>30,641</u>
Total	\$ 44,551	\$ 41,649	\$ 3,856	\$ 90,056

NOTE 7 – LONG TERM DEBT

Debt attributable to the Town's business-type activities is summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Revenue Bonds	\$ ----	\$ 1,108,619	\$ 1,108,619
Certificate of Indebtedness	236,000	----	236,000
General Obligation Bonds	280,000	108,000	388,000
Total Long-term Debt	<u>516,000</u>	<u>1,216,619</u>	<u>1,732,619</u>
Due Within One Year	(93,000)	(125,000)	(218,000)
Due in More Than One Year	\$ 423,000	\$ 1,091,619	\$ 1,514,619

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Changes in the Town's long-term debt activity for the year ended June 30, 2022, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Certificate of Indebtedness	\$ 277,000	\$ ----	\$ 41,000	\$ 236,000
General Obligation Bonds	327,000	----	47,000	280,000
Total Governmental Activities	<u>\$ 604,000</u>	<u>\$ ----</u>	<u>\$ 88,000</u>	<u>\$ 516,000</u>
<u>Business-Type Activities:</u>				
<u>Water System</u>				
Revenue Bonds	\$ 753,619	\$ ----	\$ 43,000	\$ 710,619
Total Water System	<u>753,619</u>	<u>----</u>	<u>43,000</u>	<u>710,619</u>
<u>Sewer System</u>				
Sewer Revenue Bonds	458,000	----	60,000	398,000
General Obligation Bonds	126,000	----	18,000	108,000
Total Sewer System	<u>584,000</u>	<u>----</u>	<u>78,000</u>	<u>506,000</u>
Total Business-Type Activities	<u>\$ 1,337,619</u>	<u>\$ ----</u>	<u>\$ 121,000</u>	<u>\$ 1,216,619</u>

Revenue Bonds

The Town has issued revenue bonds for the purpose of acquiring and constructing extensions and improvements to the waterworks and wastewater systems.

Water Revenue Bonds, dated July 16, 2012, due in annual installments ranging from \$46,000 to \$54,000, maturing June 1, 2018, bearing interest at a maximum rate of 2.750%. Revenue generated by the Town's water system has been pledged to secure these bonds. \$ 710,619

Sewer Revenue Bonds, dated June 23, 2015, due in annual installments ranging from \$58,000 to \$72,000, maturing in 2028, bearing interest at a maximum of 4.25%. Revenue generated by the Town's sewer system has been pledged to secure these bonds. 398,000

Total Revenue Bonds \$ 1,108,619

Certificates of Indebtedness

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at June 30, 2022 are described as follows:

\$680,000 Certificates of Indebtedness, Series 2006 bearing interest at a rate of 5%. Principal is payable in annual installments ranging from \$20,000 to \$52,000, with the final installment due October 1, 2026. The certificates are callable for redemption at anytime after October 1, 2012. \$ 236,000

General Obligation Bonds

The Town has issued general obligation bonds payable from property taxes levied in the manner provided by State Law. General obligation bonds outstanding at June 30, 2022 are described as follows:

\$775,000 General Obligation Refunding Bonds, Series 2007A dated August 1, 2007 with interest rates ranging from 1% to 6%. The bonds mature serially on March 1st of each year in amounts ranging from \$18,000 to \$62,000. Final maturity

TOWN OF NEW LLANO

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is scheduled for March 1, 2027, unless the Town elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2017. The bonds are secured by the full faith and credit of the Town and a special tax levied on property subject to taxation within the boundaries of the Town. \$ 280,000

\$300,000 General Obligation Refunding Bonds, Series 2007B dated August 1, 2007 with interest rates ranging from 1% to 6%. The bonds mature serially on March 1st of each year in amounts ranging from \$7,000 to \$24,000. Final maturity is scheduled for March 1, 2027, unless the Town elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2017. The bonds are secured by the full faith and credit of the Town and a special tax levied on property subject to taxation within the boundaries of the Town. 108,000

Total General Obligation Bonds \$ 388,000

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to June 30, 2022 are as follows:

Governmental Activities:

	Principal Installments			
	Certificates of Indebtedness	General Obligations	Total	Interest
2023	\$ 43,000	\$ 50,000	\$ 93,000	\$ 18,133
2024	45,000	53,000	98,000	14,939
2025	47,000	56,000	103,000	11,446
2026	49,000	59,000	108,000	7,638
2027	52,000	62,000	114,000	3,481
Total Governmental	<u>\$ 236,000</u>	<u>\$ 280,000</u>	<u>\$ 516,000</u>	<u>\$ 55,637</u>

Business-type Activities

	Principal Installments				
	Water Revenue Bonds	Sewer Revenue Bonds	Sewer General Obligations	Total	Interest
2023	\$ 44,000	\$ 62,000	\$ 19,000	\$ 125,000	\$ 40,825
2024	46,000	63,000	20,000	129,000	37,096
2025	47,000	65,000	22,000	134,000	33,018
2026	49,000	67,000	23,000	139,000	28,479
2027	50,000	69,000	24,000	143,000	23,373
2028-2032	278,000	72,000	----	350,000	66,142
2033-2036	196,619	----	----	196,619	13,314
Total Business-Type	<u>\$ 710,619</u>	<u>\$ 398,000</u>	<u>\$ 108,000</u>	<u>\$ 1,216,619</u>	<u>\$ 242,247</u>

Total interest charged to expense for the year ended June 30, 2022 is \$44,559 for business type activities and \$21,275 for governmental activities.

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NOTE 8 - RISK MANAGEMENT

The Town of New Llano is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 9 PENSION PLAN

All Town employees are eligible to be members of a statewide retirement system. These systems are cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 167,430	\$ 68,836	\$ 61,069
Firefighters' Retirement System of Louisiana	48,133	30,028	44,287
Municipal Police Employees' Retirement System of Louisiana	<u>132,204</u>	<u>118,035</u>	<u>90,266</u>
Total	347,767	216,899	195,622
Portion Applicable to Governmental Activities	<u>229,842</u>	<u>166,761</u>	<u>153,423</u>
Portion Applicable to Business-Type Activities	<u>\$ 117,925</u>	<u>\$ 50,138</u>	<u>\$ 42,199</u>

Further information regarding each of the retirement systems presented above is furnished as follows:

Municipal Employees' Retirement System of Louisiana:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of New Llano is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of New Llano are established and may be amended by state statute. As provided by State Law, the employer contributions are determined by actuarial valuation and are subject to

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change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2021 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 277,663,255
Plan Fiduciary Net Position	219,732,397
Net Pension Liability	<u>57,930,858</u>
Town's Proportionate Share (Percentage)	0.289017 %
Town's Proportionate Share (Amount)	<u>\$ 167,430</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2021 are provided as follows:

Beginning Net Pension Liability	\$ 218,815
Employer Contributions	(34,653)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	24,915
Changes in Benefit Terms	(1,410)
Employee Contributions	<u>(7,223)</u>
Changes in Deferred Outflows of Resources	1,446
Changes in Deferred Inflows of Resources	<u>(34,460)</u>
Ending Net Pension Liability	<u>\$ 167,430</u>

There were no changes between June 30, 2022 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

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	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ -----	\$ 6,909	\$ (6,909)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	----	45,246	(45,246)
Changes of Assumptions	6,776	----	6,776
Changes in Proportion	25,206	8,914	16,292
Employer Contributions Made After the Measurement			
Date	36,852	----	36,852
Total Deferrals	<u>68,834</u>	<u>61,069</u>	<u>7,765</u>
Deferrals That Will be Recorded as a Reduction in Net			
Pension Liability in the Subsequent Reporting Period	<u>(36,852)</u>	----	<u>(36,852)</u>
Deferrals Subject to Amortization	<u>\$ 31,982</u>	<u>\$ 61,069</u>	<u>\$ (29,087)</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2022	\$ (4,281)
June 30, 2023	2,829
June 30, 2024	(11,735)
June 30, 2025	<u>(15,900)</u>
Total	<u>\$ (29,087)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Projected Salary Increases	1 to 4 years of service 7.4% More than 4 years of service 4.9%
Inflation Rate	2.5%
Expected Remaining Service Lives	3 years

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Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated 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 target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53.0%	2.31%
Public Fixed Income	38.0%	1.65%
Alternatives	9.0%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. 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 which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 5.85% Discount Rate	Current Discount Rate 6.85%	1% Increase 7.85% Discount Rate
Net Pension Liability	\$ 256,872	\$ 167,430	\$ 91,778

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Municipal Police Employees' Retirement System of Louisiana

Plan Description – All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer 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. The Town's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2021 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 3,350,028,394
Plan Fiduciary Net Position	2,816,973,727
Net Pension Liability	533,054,667
Town's Proportionate Share (Percentage)	0.024801%
Town's Proportionate Share (Amount)	\$ 132,204

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2021 are provided as follows:

Beginning Net Pension Liability	\$ 144,679
Employer Contributions	(25,539)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	7,256
Changes in Proportion	(40,118)
Employee Contributions	(5,542)
Changes in Deferred Outflows of Resources	43,281
Changes in Deferred Inflows of Resources	8,187
Ending Net Pension Liability	\$ 132,204

There were no changes between June 30, 2022 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented

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as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ -----	\$ 4,071	\$ (4,071)
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	----	61,728	(61,728)
Changes of Assumptions	14,641	3,771	10,870
Changes in Proportion	76,192	20,696	55,496
Employer Contributions Made After the Measurement Date	<u>27,202</u>	<u>----</u>	<u>27,202</u>
Total Deferrals	118,035	90,266	27,769
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(27,202)</u>	<u>----</u>	<u>(27,202)</u>
Deferrals Subject to Amortization	<u>\$ 90,833</u>	<u>\$ 90,266</u>	<u>\$ 567</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2022	\$ (2,347)
June 30, 2023	16,509
June 30, 2024	7,669
June 30, 2025	<u>(21,264)</u>
Total	<u>\$ 567</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2021	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75% net of investment expense	
Expected Remaining Service Lives	2018-2021 - 4 Years Each	
Inflation Rate	2.50 %	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	12.30%
	Above 2	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125%	

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for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the 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 was used.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. 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 best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Totals	<u>100.00%</u>	<u>5.07%</u>
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.29%</u>

The discount rate used to measure the total pension liability was 6.75%. 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 the System's actuary. Based on those assumptions, the System'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.

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Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 5.75% Discount	Current Discount Rate 6.75%	1% Increase 7.75% Discount
Net Pension Liability	\$ 230,409	\$ 132,204	\$ 50,234

Firefighters' Retirement System of Louisiana

Plan Description – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3^{1/3} percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy – Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by state law, the employer 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. The Town's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2021 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,681,184,069
Plan Fiduciary Net Position	2,326,798,869
Net Pension Liability	354,385,200
Town's Proportionate Share (Percentage)	0.013582%
Town's Proportionate Share (Amount)	\$ 48,133

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2021 are provided as follows:

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Beginning Net Pension Liability		\$	100,632
Employer Contributions			(11,013)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	4,742		
Changes in Proportion	(196)		
Employee Contributions	(3,880)		666
Changes in Deferred Outflows of Resources			(13,722)
Changes in Deferred Inflows of Resources			(28,430)
Ending Net Pension Liability		\$	<u>48,133</u>

There were no changes between June 30, 2022 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 687	\$ 4,322	\$ (3,635)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	----	29,210	(29,210)
Changes of Assumptions	10,430	----	10,430
Changes in Proportion	6,138	----	6,138
Employer Contributions Made After the Measurement Date	12,773	10,755	2,018
Total Deferrals	30,028	44,287	(14,259)
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(12,773)	----	(12,773)
Deferrals Subject to Amortization	<u>\$ 17,255</u>	<u>\$ 44,287</u>	<u>\$ (27,032)</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2022	\$ (7,189)
June 30, 2023	(5,279)
June 30, 2024	(7,068)
June 30, 2025	(7,784)
June 30, 2026	397
June 30, 2027	(109)
Total	<u>\$ (27,032)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

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Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years, closed period
Investment Rate of Return	6.9% per annum
Inflation Rate	2.5% per annum
Projected Salary Increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service.
Cost-of-Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

Best estimates of real rates of return for each major asset class included in the FRS target asset allocation as of June 30, 2021, are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
U. S. Equity	27.50%	5.86%
Non- U.S. Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
US Core Fixed Income	18.00%	0.97%
US TIPS	3.00%	0.40%
Emerging Market Debt	5.00%	2.75%
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
Private Equity	9.00%	9.53%
Real Estate	6.00%	5.31%
Real Assets	3.00%	****
	100.00%	

***Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System'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.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 5.90% Discount Rate	Current Discount Rate 6.90%	1% Increase 7.9% Discount Rate
Net Pension Liability	\$ 92,339	\$ 48,133	\$ 11,265

NOTE 10 – RESTRICTED RESOURCES

The Town's net position is subject to restrictions described as follows:

- Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

NOTE 11 – TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds to cover payroll, related liabilities, and other expenses. A description of the transfers is presented below:

<u>Governmental Funds</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Net</u>
General Fund	\$ -----	\$ 152,173	\$ (152,173)
Non-Major	60,000	----	60,000
Total Governmental Funds	60,000	152,173	(92,173)

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2022

Business Type Funds

Water System	----	21,332	(21,332)
Sewer System	113,505	-----	113,505
Total Business Type Funds	<u>113,505</u>	<u>21,332</u>	<u>92,173</u>
Total	<u>\$ 173,505</u>	<u>\$ 173,505</u>	<u>\$ ----</u>

NOTE 12 – INTERNAL BALANCES

During the current year, the Town received American Rescue Plan funds, which were dedicated to a sewer project that has yet to commence. To better track and segregate activity, the funds were placed in a bank account with limited activity, rather than the sewer fund. However, an interfund balance arose due to the funds being dedicated for a sewer project and receipt of the grant funds being expected to within a year. The Town's internal balances are reported below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Net</u>
<u>Governmental Funds</u>			
Capital Projects Fund	<u>\$ ----</u>	<u>\$ 409,723</u>	<u>\$ (409,723)</u>
<u>Business Type Funds</u>			
Sewer System	<u>409,723</u>	<u>----</u>	<u>409,723</u>
Total	<u>\$ 409,723</u>	<u>\$ 409,723</u>	<u>\$ ----</u>

NOTE 13 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2022, are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with Town Attorney, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 14 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 19,916
Fire Department	36,648
Total	<u>\$ 56,564</u>

NOTE 15 – DELAYED REVENUES

Funding has been received from the American Rescue Plan Act (ARPA) in the amount of \$409,723. Management does not consider these amounts to be earned until expenditures meeting certain requirements have been completed. Accordingly, the amount collected has been reported as delayed revenues.

Plans are currently being finalized to spend the funds in a manner consistent with the terms of the ARPA program. Upon completion of these expenditures, revenue will be recognized and delayed revenues will be eliminated.

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual- Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>	\$ 1,477,408	\$ 2,293,308	\$ 2,398,379	\$ 105,071
<u>General Government:</u>	244,264	342,356	303,834	38,522
<u>Public Safety:</u>				
Police	424,800	856,982	751,091	105,891
Fire	610,566	622,114	471,125	150,989
Total public safety	<u>1,035,366</u>	<u>1,479,096</u>	<u>1,222,216</u>	<u>256,880</u>
<u>Streets, Drainage, & Recreation</u>	80,230	266,777	257,566	9,211
Capital Expenditures	<u>-</u>	<u>-</u>	<u>320,669</u>	<u>(320,669)</u>
Total Expenditures	<u>1,359,860</u>	<u>2,088,229</u>	<u>2,104,285</u>	<u>(16,056)</u>
Excess (deficiency) of revenues over expenditures	117,548	205,079	294,094	(89,015)
Other Sources (uses)				
Operating transfers in (out)	<u>(114,310)</u>	<u>(202,994)</u>	<u>(152,173)</u>	<u>50,821</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and	<u>\$ 3,238</u>	<u>\$ 2,085</u>	<u>\$ 141,921</u>	<u>\$ (139,836)</u>

TOWN OF NEW LLANO

Schedule of Net Pension Liability Data

Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability	Pension Plans
	Percent	Amount		as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Municipal Employees' Retirement System					
June 30, 2016	0.3508%	290,145	253,497	114.5%	63.3%
June 30, 2017	0.3415%	296,546	253,497	117.0%	63.5%
June 30, 2018	0.2977%	251,839	220,649	114.1%	65.6%
June 30, 2019	0.2762%	251,688	210,049	119.8%	66.1%
June 30, 2020	0.2415%	218,815	189,615	115.4%	66.3%
June 30, 2021	0.2890%	167,430	222,119	75.4%	79.0%
Firefighters's Retirement System					
June 30, 2016	0.0142%	92,574	33,804	273.9%	68.2%
June 30, 2017	0.0145%	82,986	30,466	272.4%	73.5%
June 30, 2018	0.0128%	73,604	34,291	214.6%	74.8%
June 30, 2019	0.1418%	88,845	36,143	245.8%	74.0%
June 30, 2020	0.1452%	100,632	36,937	272.4%	72.0%
June 30, 2021	0.0136%	48,133	37,845	127.2%	86.0%
Municipal Police Employees' Retirement System					
June 30, 2016	0.0629%	589,849	126,521	466.2%	66.0%
June 30, 2017	0.0465%	406,192	126,521	321.0%	70.1%
June 30, 2018	0.0218%	184,451	60,176	306.5%	71.9%
June 30, 2019	0.1132%	102,858	37,200	276.5%	71.0%
June 30, 2020	0.0157%	144,679	45,822	315.7%	70.0%
June 30, 2021	0.0248%	132,204	75,663	174.7%	84.0%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

TOWN OF NEW LLANO

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2016	27,885	24,485	3,400	253,497	9.66%
June 30, 2017	29,236	25,221	4,015	253,497	9.95%
June 30, 2018	29,407	29,408	(1)	220,649	13.33%
June 30, 2019	26,546	29,560	(3,014)	210,049	14.07%
June 30, 2020	34,426	26,498	7,928	189,615	13.97%
June 30, 2021	34,428	34,653	(225)	222,119	15.60%
Firefighters's Retirement System					
June 30, 2016	8,535	8,696	(161)	33,804	25.72%
June 30, 2017	8,073	8,555	(482)	30,466	28.08%
June 30, 2018	9,087	8,093	994	34,291	23.60%
June 30, 2019	10,030	9,110	920	36,143	25.21%
June 30, 2020	11,913	10,057	1,856	36,937	27.23%
June 30, 2021	11,912	11,013	899	37,845	29.10%
Municipal Police Employees' Retirement System					
June 30, 2016	40,171	52,004	(11,833)	126,521	41.10%
June 30, 2017	18,504	44,129	(25,625)	126,521	34.88%
June 30, 2018	11,997	19,819	(7,822)	60,176	32.94%
June 30, 2019	14,778	11,419	3,359	37,200	30.70%
June 30, 2020	25,536	15,750	9,786	45,822	34.37%
June 30, 2021	25,536	25,539	(3)	75,663	33.75%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

TOWN OF NEW LLANO

**Combining Balance Sheet
Non Major Governmental Funds
June 30, 2022**

	Debt Service		
	Town Hall Sinking Fund	Series 2007A	Non-Major Funds
Assets			
Cash & cash equivalents	\$ 81,384	\$ -	\$ 81,384
Restricted Cash	-	181,641	181,641
Total assets	\$ 81,384	\$ 181,641	\$ 263,025
Liabilities and Fund Balance			
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<u>Fund Balance</u>			
Restricted			
Debt Service	-	181,641	181,641
Assigned to Debt Service	81,384	-	81,384
Unassigned	-	-	-
Total Fund Balances	81,384	181,641	263,025
Total Liabilities and Fund Balance	\$ 81,384	\$ 181,641	\$ 263,025

TOWN OF NEW LLANO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non Major Governmental Funds Year Ended June 30, 2022

	Debt Service		
	Town Hall Sinking Fund	Series 2007A	Non-Major Fund
Revenues:			
Ad Valorem Taxes	\$ -	\$ 42,330	\$ 42,330
Miscellaneous	38	194	232
Total revenues	<u>38</u>	<u>42,524</u>	<u>42,562</u>
Expenditures:			
Debt Service	<u>50,875</u>	<u>58,400</u>	<u>109,275</u>
Total expenditures	<u>50,875</u>	<u>58,400</u>	<u>109,275</u>
Excess (deficiency) of revenues over expenditures	(50,837)	(15,876)	(66,713)
Other sources (uses)			
Operating transfers in (out)	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses	9,163	(15,876)	(6,713)
Fund balance - beginning of year	<u>72,221</u>	<u>197,517</u>	<u>269,738</u>
Fund balance - end of year	<u>\$ 81,384</u>	<u>\$ 181,641</u>	<u>\$ 263,025</u>

TOWN OF NEW LLANO

Schedule of Compensation Paid to Board Members Year Ended June 30, 2022

Carolyn Todd	\$ 13,000
Charlotte Cooper	3,125
Lesley Poteat	3,125
Terry Speicher	4,375
Ervin Wilson	3,125
Winfort Steward	<u>3,125</u>
Total Compensation	<u>\$ 29,875</u>

TOWN OF NEW LLANO

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2022

Agency Head (Mayor) - Carolyn Todd

Purpose:

Compensation	\$	13,000
Benefits		-
Reimbursements		-

TOWN OF NEW LLANO

**Justice System Funding Schedule - Collecting / Disbursing Entity as Required by Act 87 of the
2020 Regular Legislative Session
For the Year Ended June 30, 2022**

Cash Basis Presentation	First Six Month Period Ended December 31, 2021	Second Six Month Period Ended June 30, 2022
Beginning Balance of Amounts Collected	\$ 9,122	\$ 15,930
Add: Collections		
Criminal Court Costs/Fees	194,866	207,569
Criminal Fines - Contempt	-	-
Criminal Fines - Other	207,044	229,808
Services/Collection Fees	6,198	10,828
Pre-Trial Diversion Program Fees	4,265	3,561
Bond Fees	9,200	8,901
Warrants	27,429	35,830
Other	<u>6</u>	<u>1</u>
Subtotal Collections	<u>449,008</u>	<u>496,498</u>
Less: Disbursements to Governments & Nonprofits		
Criminal Court Cost / Fees		
Louisiana Commission on Law Enforcement	3,349	3,259
CMIS Trial Court Case Management System	4,523	5,073
Louisiana Department of Health and Hospitals	4,745	5,110
North Louisiana Crime Lab	42,510	47,203
Louisiana Judicial college	573	988
Central Louisiana Juvenile Detention Facility	11,310	12,679
Leesville City Court	4,265	3,561
Thirtieth Judicial District Public Defenders Office	15,909	17,982
Less: Amounts Retained by Town		
Collection Fee Based on Percentage of Collection	65	70
Town of New Llano, Criminal Court Cost/Fees	103,507	110,412
Town of New Llano, Criminal Fines	207,043	229,808
Town of New Llano, Contempt Fees	27,429	35,830
Town of New Llano, Bond Fees	9,200	8,901
Town of New Llano, Service/Collection Fees	6,198	10,828
Town of New Llano, Other	6	1
Less: Disbursements to Individuals /3rd Party Collection		
Other Disbursements To Individuals	<u>1,568</u>	<u>2,409</u>
Subtotal Disbursements / Retainage	<u>442,200</u>	<u>494,114</u>
Ending Balance of Amounts Collected but not Disbursed	<u>\$ 15,930</u>	<u>\$ 18,314</u>
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-	4,005
Total Waivers During the Fiscal Period	552	279

TOWN OF NEW LLANO

**Justice System Funding Schedule - Receiving Entity as Required by Act 87 of the
2020 Regular Legislative Session
For the Year Ended June 30, 2022**

Cash Basis Presentation	First Six Month Period Ended December 31, 2021	Second Six Month Period Ended June 30, 2022
Receipts From:		
Leesville City Court	66	1,610
Regional Consulting Services	-	1,520
Department of Public Safety	<u>550</u>	<u>562</u>
Subtotal Receipts	<u>616</u>	<u>3,692</u>



November 15, 2022

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

The Honorable Mayor
And the Board of Alderman
Town of New Llano, 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 Town of New Llano, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of New Llano's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of New Llano's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results



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of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



ROZIER, MCKAY, AND WILLIS
Certified Public Accountants

Town of New Llano, Louisiana
Schedule of Findings and Response
For the Year Ended June 30, 2022

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the financial statements for the Town of New Llano as of June 30, 2022, and for the year then ended expressed an unmodified opinion.
- No control deficiencies were disclosed during the audit of the financial statements. Accordingly, there were no material weaknesses.
- There were no instances of noncompliance material to the financial statements.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- There are no matters to report.

**Town of New Llano, Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2022**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding - N/A – There were no findings in this area.	Response - N/A
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
Finding - N/A – There were no findings in this area.	Response - N/A
SECTION III – MANAGEMENT LETTER	
Finding - N/A – There were no findings in this area.	Response - N/A

Town of New Llano, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2022

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
N/A – There were no findings in this area.	Response - N/A
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
N/A – There were no findings in this area.	Response - N/A
SECTION III – MANAGEMENT LETTER	
N/A – There were no findings in this area.	Response - N/A

APPENDIX A
Statewide Agreed-Upon Procedures



Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of New Llano and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of New Llano (the Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period described above. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
November 15, 2022



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Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt Service • Disaster Recovery / Business Continuity • Sexual Harassment 	<p>The Town maintains a comprehensive personnel policy which includes ethics and sexual harassment.</p> <p>Exceptions are listed as follows:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Contracting • Credit Cards • Travel • Debt Service • Information Technology 	<p><i>Despite the absence of formal written procedures, we have an established process for addressing the relevant matters and we will consider documenting the process as part of our written procedures.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>Meetings were held with the necessary frequency.</p> <p>The necessary budget to actual comparisons were included.</p>	<p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	For the previous year the general fund reported a positive unrestricted fund balance.	<i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>Reconciliations were completed within a 2 month period.</p> <p>Evidence of review by an appropriate party was present.</p> <p>No items were outstanding for more than 12 months.</p>	<p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p>	<p>The list was provided and deposits were selected.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>Drawers are used exclusively by a single person.</p>	<p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.	Duties are appropriately segregated.	<i>No findings or criticisms were reported.</i>
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.	Duties are appropriately segregated.	<i>No findings or criticisms were reported.</i>
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.	Duties are appropriately segregated.	<i>No findings or criticisms were reported.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	Appropriate coverage has been maintained.	<i>No findings or criticisms were reported.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as		

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>Prenumbered receipts are issued as applicable.</p> <p>Receipts and system reports agree with the deposit slip.</p> <p>Deposit slips agreed with the bank statements.</p> <p>Deposits were remitted within a single business day.</p> <p>Deposits appearing on the bank statement agree with the general ledger.</p>	<p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All transactions are processed at the Town's Municipal Complex.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>Multiple employees are involved.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>Multiple employees are involved.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>Due to the nature of the accounting system, it is not practical to limit access to particular components.</p>	<p><i>This limitation is mitigated by requiring each check to be signed by two parties.</i></p>

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Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>The requested information was provided.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p>	<p>The monthly statements are reviewed and approved by a council member.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>No finance charges or late fees were assessed.</p>	<p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	For each of the 10 items selected: <ul style="list-style-type: none">• Supporting documentation was available.• Business purpose was apparent.• None of the selected items involved meals.	<i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p>	<p>N/A - There were no travel and expense reimbursements during the current year.</p> <p>N/A - There were no travel and expense reimbursements during the current year.</p> <p>N/A - There were no travel and expense reimbursements during the current year.</p>	<p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p> <p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.	N/A - There were no travel and expense reimbursements during the current year.	

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Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>One contract was let during the year that was properly bid. The remaining contracts were either under public bid law or were professional services.</p> <p>The governing body approved the one contract open for public bid.</p> <p>N/A – No amendments were present</p> <p>Payments agree with supporting documentation.</p>	<p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>The list was provided and a selection has been performed.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p>		
<p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p>	<p>Attendance was properly documented.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p>	<p>Approval was documented.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Leave taken was properly reported in the accounting records.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.</p>	<p>Rates of pay were consistent with documentation in the personnel files.</p>	<p><i>No findings or criticisms were reported.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.	Termination payments were determined to be consistent with leave records and established rates of pay.	<i>No findings or criticisms were reported.</i>
19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has asserted that all relevant payments have been made.	<i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	Evidence of ethics training was present for each employee selected. Signature verification of the ethics policy was demonstrated.	<i>No findings or criticisms were reported.</i> <i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	Not Applicable: No new debt was issued.	<i>Not Applicable</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	The Town is in compliance with the debt covenants.	<i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Fraud Notice		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	No misappropriations were reported.	<i>No findings or criticisms were reported.</i>
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	The necessary postings were present physically and on the website.	<i>No findings or criticisms were reported.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Information Technology Disaster Recovery /Business Continuity		
Agreed-Upon Procedure	Results	Managements' Response
<p>25 Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."</p> <p>a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.</p> <p>b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.</p> <p>c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.</p>	<p>We performed the procedure and discussed the results with management.</p> <p>We performed the procedure and discussed the results with management.</p> <p>We performed the procedure and discussed the results with management.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Sexual Harassment		
Agreed-Upon Procedure	Results	Managements' Response
<p>26 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.</p>	<p>Documentation that each employee selected completed the required training.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>27 Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).</p>	<p>Documentation demonstrates that the policy has been communicated to employees.</p>	<p><i>No findings or criticisms were reported.</i></p>
<p>28 Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:</p> <ul style="list-style-type: none"> a. Number and percentage of public servants in the agency who have completed the training requirements; b. Number of sexual harassment complaints received by the agency; c. Number of complaints which resulted in a finding that sexual harassment occurred; d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and e. Amount of time it took to resolve each complaint. 	<p>A report was produced with the required content and the report was dated January 27, 2022.</p>	<p><i>No findings or criticisms were reported.</i></p>