

TOWN OF NEW LLANO

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants
Alexandria, Louisiana

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December 11, 2017

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Llano, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Llano, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

- Management's Discussion and Analysis

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

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

Other Supplemental Information

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

- Combining Balance Sheet – Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds
- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

The other supplemental 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, other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the Town of New Llano'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 the Town of New Llano's internal control over financial reporting and compliance.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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, 2017.

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.

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

- **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:

	<u>June 30, 2017</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>For the Year Ended June 30, 2016</u>
<u>Assets:</u>				
Current and Other Assets	\$ 370,417	\$ 1,249,574	\$ 1,619,991	\$ 1,466,225
Capital Assets	4,416,368	7,040,888	11,457,256	8,580,133
Total Assets	<u>4,786,785</u>	<u>8,290,462</u>	<u>13,077,247</u>	<u>10,046,358</u>
Deferred Outflows	<u>394,102</u>	<u>67,347</u>	<u>461,449</u>	<u>397,997</u>
<u>Liabilities:</u>				
Current and Other Liabilities	132,549	867,566	1,000,115	382,895
Long-term Liabilities	1,736,659	1,904,197	3,640,856	3,071,048
Total Liabilities	<u>1,869,208</u>	<u>2,771,763</u>	<u>4,640,971</u>	<u>3,453,943</u>
Deferred Inflows	<u>40,090</u>	<u>4,138</u>	<u>44,228</u>	<u>41,279</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	3,489,448	5,371,618	8,861,066	6,272,418
Restricted	263,893	408,324	672,217	955,298
Unrestricted	(481,752)	(198,034)	(679,786)	(278,583)
Total Net Position	<u>\$ 3,271,589</u>	<u>\$ 5,581,908</u>	<u>\$ 8,853,497</u>	<u>\$ 6,949,133</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.

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

An additional portion of the Town's net position (7.6%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

Recognizing long-term liabilities associated with providing retirement benefit obligations to the Town's employees has eliminated the Town's remaining unrestricted net position. Despite the absence of unrestricted net position, the Town has sufficient resources to meet all obligations for the foreseeable future.

Changes in Net Position

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

	For the Year Ended June 30, 2017			For the Year Ended June 30, 2016
	Governmental Activities	Business-Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 626,702	\$ 909,580	\$ 1,536,282	\$ 1,517,396
Operating Grants and Contributions	95,760	20,000	115,760	108,226
Capital Grants and Contributions	331,124	1,652,573	1,983,697	425,926
General Revenue:				
Sales Taxes	470,488	----	470,488	378,254
Property Taxes	112,296	24,090	136,386	138,167
Other Taxes	53,958	----	53,958	70,785
Franchise Taxes	141,194	----	141,194	123,276
Occupational Licenses	92,409	----	92,409	95,809
Other Licenses	27,374	----	27,374	30,553
Rental and Lease	69,700	----	69,700	----
Miscellaneous	26,336	365	26,701	31,062
Total Revenue	2,047,341	2,606,608	4,653,949	2,919,454
<u>Program Expenses:</u>				
General Government	343,316	----	343,316	300,509
Public Safety				
Police Department	640,453	----	640,453	762,529
Fire Department	647,160	----	647,160	377,321
Streets, Drainage, & Recreation	254,541	----	254,541	287,510
Water	----	579,584	579,584	569,515
Sewer	----	247,578	247,578	222,217
Interest on Long-Term Debt	36,953	----	36,953	43,623
Total Expenses	1,922,423	827,162	2,749,585	2,563,224
Increase (Decrease) in Net Position Before Transfers	124,918	1,779,446	1,904,364	356,230

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

	<u>For the Year Ended June 30, 2017</u>			<u>For the Year Ended June 30, 2016</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Transfers	109,402	(109,402)	----	----
Change in Net Position	234,320	1,670,044	1,904,364	356,230
Net Position Beginning	3,037,269	3,911,864	6,949,133	6,592,903
Net Position Ending	<u>\$ 3,271,589</u>	<u>\$ 5,581,908</u>	<u>\$ 8,853,497</u>	<u>\$ 6,949,133</u>

Governmental activities before transfers experienced an increase of \$124,918. This increase is due to grant funds received for street projects.

Business-type activities before transfers experienced an increase of \$1,779,446. This increase is due to the Town receiving funds through Facility Planning and Control and the Department of Health and Hospitals, for capital projects in the water and sewer funds.

Financial Analysis of the Town's Funds

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

- The Town's governmental funds reported combined fund balances of \$250,788 which represents a decrease of \$124,902 in comparison to the previous balance. This decrease is due in part to the town's expenditure on capital improvements.
- 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:

- The Town purchased new radios for the police department.
- Finished the work on Clarence and Raymond Streets
- Construction continued on the new water wells for the Town.
- Construction continued on a sewer line extension for the newly annexed citizens.
- The Town purchased new water meters.

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Debt Administration

The Town issued debt on the water well project from the Department of Health and Hospitals totaling \$511,456. Remaining debt activity was limited to payment of principal and interest as these amounts become due.

Factors Expected to Affect Future Operations

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- The Town will finalize the \$1,000,000 water well construction project to better serve the citizens.
- The Town will finalize the Sewer Expansion construction project, to better serve the citizenry.

TOWN OF NEW LLANO

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 42,112	\$ 68,118	\$ 110,230
Receivables (net)	66,165	773,132	839,297
Restricted assets:			
Cash and cash equivalents	262,140	408,324	670,464
Capital assets			
Non depreciable capital assets			
Land	254,990	28,835	283,825
Construction in Process	89,206	4,026,560	4,115,766
Depreciable capital assets, net	<u>4,072,172</u>	<u>2,985,493</u>	<u>7,057,665</u>
Total assets	<u>4,786,785</u>	<u>8,290,462</u>	<u>13,077,247</u>
<u>DEFERRED OUTFLOWS</u>			
Pension funding deferrals	<u>394,102</u>	<u>67,347</u>	<u>461,449</u>
Total deferred outflows	<u>394,102</u>	<u>67,347</u>	<u>461,449</u>
<u>LIABILITIES</u>			
Accounts payable	120,882	857,135	978,017
Interfund payable	(1,253)	1,253	-
Accrued interest payable from restricted assets	12,920	9,178	22,098
Deposits due others	-	94,196	94,196
Long-term liabilities			
Long-term debt			
Due within one year	70,000	127,000	197,000
Due in more than one year	844,000	1,533,092	2,377,092
Aggregate Net Pension Liability	<u>822,659</u>	<u>149,909</u>	<u>972,568</u>
Total liabilities	<u>1,869,208</u>	<u>2,771,763</u>	<u>4,640,971</u>
<u>DEFERRED INFLOWS</u>			
Pension funding deferrals	<u>40,090</u>	<u>4,138</u>	<u>44,228</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,489,448	5,371,618	8,861,066
Restricted:			
Debt Service	263,893	361,144	625,037
Capital projects	-	47,180	47,180
Unrestricted	<u>(481,752)</u>	<u>(198,034)</u>	<u>(679,786)</u>
Total net position (deficit)	<u>\$ 3,271,589</u>	<u>\$ 5,581,908</u>	<u>\$ 8,853,497</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	(Expenses) Revenue
					Total
<u>Governmental Activities:</u>					
General Government	\$ 343,316	\$ -	\$ -	\$ -	\$ (343,316)
Public Safety					
Police Department	640,453	626,702	23,007	-	9,256
Fire Department	647,160	-	72,753	-	(574,407)
Streets, Drainage, & Recreation	254,541	-	-	331,124	76,583
Interest on Long-Term Debt	36,953	-	-	-	(36,953)
Total Governmental Activities	<u>1,922,423</u>	<u>626,702</u>	<u>95,760</u>	<u>331,124</u>	<u>(868,837)</u>
<u>Business-Type Activities:</u>					
Water System	579,584	581,987	20,000	1,164,305	1,186,708
Sewer System	247,578	327,593	-	488,268	568,283
Total Business-Type Activities	<u>827,162</u>	<u>909,580</u>	<u>20,000</u>	<u>1,652,573</u>	<u>1,754,991</u>
Total Primary Government	<u>\$ 2,749,585</u>	<u>\$ 1,536,282</u>	<u>\$ 115,760</u>	<u>\$ 1,983,697</u>	<u>886,154</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Net (Expense) Revenue (Continued From Previous Page)	\$ (868,837)	\$ 1,754,991	\$ 886,154
<u>General Revenues:</u>			
Taxes:			
Sales	470,488	-	470,488
Ad Valorem	112,296	24,090	136,386
Other	53,958	-	53,958
Licenses & Permits:			
Franchise Fees	141,194	-	141,194
Occupational Licenses	92,409	-	92,409
Other Licenses	27,374	-	27,374
Rental and Lease	69,700	-	69,700
Other	26,336	365	26,701
Transfers	109,402	(109,402)	-
Total General Revenues and Transfers	<u>1,103,157</u>	<u>(84,947)</u>	<u>1,018,210</u>
Change in Net Position	234,320	1,670,044	1,904,364
Net Position - Beginning	<u>3,037,269</u>	<u>3,911,864</u>	<u>6,949,133</u>
Net Position Ending	<u>\$ 3,271,589</u>	<u>\$ 5,581,908</u>	<u>\$ 8,853,497</u>

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

TOWN OF NEW LLANO

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	General	Raymond Street Construction	Clarence Street Construction	Non-Major Funds	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 41,552	\$ -	\$ -	\$ 560	\$ 42,112
Receivables (net)	66,165	-	-	-	66,165
Interfund Receivables	-	-	-	1,753	1,753
Restricted Assets					
Cash and Cash Equivalents	-	-	-	262,140	262,140
Total assets	\$ 107,717	\$ -	\$ -	\$ 264,453	\$ 372,170
Liabilities and Fund Balance					
<u>Liabilities</u>					
Accounts and other payables	\$ 120,882	\$ -	\$ -	\$ -	\$ 120,882
Interfund Payable	-	-	-	500	500
Total liabilities	120,882	-	-	500	121,382
<u>Fund Balance</u>					
Restricted					
Debt Service	-	-	-	228,634	228,634
Assigned to Debt Service	-	-	-	35,259	35,259
Unassigned	(13,165)	-	-	60	(13,105)
Total Fund Balances	(13,165)	-	-	263,953	250,788
Total Liabilities and Fund Balance	\$ 107,717	\$ -	\$ -	\$ 264,453	\$ 372,170

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, 2017

Total Fund Balances - Governmental Funds	\$ 250,788
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.	4,416,368
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(926,920)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	<u>(468,647)</u>
Net Position of Governmental Activities	<u>\$ 3,271,589</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, 2017

	General	Raymond Street Construction	Clarence Street Construction	Non-Major Fund	Total Governmental Funds
Revenues:					
Taxes					
Ad Valorem	\$ 49,059	\$ -	\$ -	\$ 63,237	\$ 112,296
Sales	470,488	-	-	-	470,488
License and permits					
Occupational Licenses	92,409	-	-	-	92,409
Franchise	141,194	-	-	-	141,194
Other	27,374	-	-	-	27,374
Intergovernmental	159,522	182,982	148,142	-	490,646
Fines and fees	627,180	-	-	-	627,180
Rent and Lease	72,200	-	-	-	72,200
Miscellaneous	13,786	-	-	246	14,032
Total revenues	1,653,212	182,982	148,142	63,483	2,047,819
Expenditures:					
Current					
General Government	326,768	-	-	-	326,768
Public Safety					
Police Department	626,497	-	-	-	626,497
Fire Department	495,280	-	-	-	495,280
Streets, Drainage, & Recreation	166,664	-	-	-	166,664
Capital Expenditures	56,110	252,458	240,934	-	549,502
Debt Service	12,460	-	-	104,952	117,412
Total expenditures	1,683,779	252,458	240,934	104,952	2,282,123
Excess (deficiency) of revenues over expenditures	(30,567)	(69,476)	(92,792)	(41,469)	(234,304)
Other sources (uses)					
Operating transfers in (out)	(87,921)	69,476	92,792	35,055	109,402
Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses	(118,488)	-	-	(6,414)	(124,902)
Fund balance - beginning of year	105,323	-	-	270,367	375,690
Fund balance - end of year	\$ (13,165)	\$ -	\$ -	\$ 263,953	\$ 250,788

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, 2017

Net change in fund balances of Governmental Funds \$ (124,902)

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

Raymond Street	277,200	
Clarance Street	264,364	
Other Depreciable Assets	7,938	
Depreciation expense reported on a government-wide basis	<u>(150,190)</u>	399,312

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. 79,981

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds (120,071)

Change in net position of governmental activities \$ 234,320

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2017

	<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	\$ 85,628	\$ -	\$ 85,628
Receivables (net)	710,235	62,897	773,132
Interfund Receivable	500	-	500
Total current assets	<u>796,363</u>	<u>62,897</u>	<u>859,260</u>
Restricted Assets:			
Cash and cash equivalents	194,445	213,879	408,324
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	-	28,835	28,835
Construction in Process	2,393,851	1,632,709	4,026,560
Depreciable capital assets, net	<u>1,031,359</u>	<u>1,954,134</u>	<u>2,985,493</u>
Total assets	<u>4,416,018</u>	<u>3,892,454</u>	<u>8,308,472</u>
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	<u>63,922</u>	<u>3,425</u>	<u>67,347</u>
Total deferred outflows	<u>63,922</u>	<u>3,425</u>	<u>67,347</u>

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

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2017

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Cash Overdraft	-	17,510	17,510
Accounts & other payables	750,949	106,186	857,135
Deposits due others	94,196	-	94,196
Interfund Payable	1,753	-	1,753
Total current liabilities	<u>846,898</u>	<u>123,696</u>	<u>970,594</u>
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	-	9,178	9,178
Current portion of long-term debt	54,000	73,000	127,000
Noncurrent Liabilities:			
Long-term debt	724,092	809,000	1,533,092
Aggregate Net Pension Liability	149,345	564	149,909
Total liabilities	<u>1,774,335</u>	<u>1,015,438</u>	<u>2,789,773</u>
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	<u>3,919</u>	<u>219</u>	<u>4,138</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,647,118	2,724,500	5,371,618
Restricted:			
Debt Service	147,265	213,879	361,144
Capital Projects	47,180	-	47,180
Unrestricted	<u>(139,877)</u>	<u>(58,157)</u>	<u>(198,034)</u>
Total net position (deficit)	<u>\$ 2,701,686</u>	<u>\$ 2,880,222</u>	<u>\$ 5,581,908</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, 2017

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services	\$ 546,986	\$ 327,593	\$ 874,579
Other	35,001	-	35,001
Total operating revenues	581,987	327,593	909,580
<u>Operating Expenses:</u>			
Water purchases	184,670	-	184,670
Salaries and wages	145,986	12,206	158,192
Materials, supplies, and maintenance	31,777	88,836	120,613
Office operations	61,229	-	61,229
Payroll taxes and expenses	34,732	-	34,732
Vehicle and travel	13,513	2,194	15,707
Professional Fees	7,575	-	7,575
Insurance	21,137	1,215	22,352
Miscellaneous	22,275	381	22,656
Utilities and telephone	9,137	34,405	43,542
Depreciation	35,581	83,236	118,817
Total operating expenses	567,612	222,473	790,085
Operating Income (Loss)	14,375	105,120	119,495
<u>Nonoperating Revenues (Expenses):</u>			
Advalorem Taxes	-	24,090	24,090
Operating Grants	20,000	-	20,000
Interest income	365	-	365
Interest expense	(11,972)	(25,105)	(37,077)
Change in Net Position Before Capital Grants & Transfers	22,768	104,105	126,873
<u>Capital Grants & Transfers</u>			
Capital Grants	1,164,305	488,268	1,652,573
Transfers in (out)	12,221	(121,623)	(109,402)
Change in Net Position	1,199,294	470,750	1,670,044
Total Net Position - Beginning	1,502,392	2,409,472	3,911,864
Total Net Position - Ending	\$ 2,701,686	\$ 2,880,222	\$ 5,581,908

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, 2017

	<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	\$ 589,090	\$ 326,092	\$ 915,182
Cash payments to suppliers of goods and services	(348,386)	(130,456)	(478,842)
Cash payments to employees for services	(146,662)	(12,206)	(158,868)
Net cash provided (used) by operating activities	<u>94,042</u>	<u>183,430</u>	<u>277,472</u>
<u>Cash flows from non-capital financing activities:</u>			
Advalorem taxes	-	24,090	24,090
Operating transfers in (out)	12,221	(121,623)	(109,402)
Net cash provided (used) by non-capital financing activities	<u>12,221</u>	<u>(97,533)</u>	<u>(85,312)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(1,027,295)	(918,375)	(1,945,670)
Net Change in Bank Overdraft	-	17,510	17,510
Capital Grant Proceeds	536,742	572,674	1,109,416
Proceeds from Debt Issued	511,456	-	511,456
Principal paid on capital debt	(71,000)	(72,000)	(143,000)
Interest paid on capital debt	(11,972)	(25,105)	(37,077)
Net cash provided (used) by capital and related financing activities	<u>(62,069)</u>	<u>(425,296)</u>	<u>(487,365)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	365	-	365
Net cash provided (used) by investing activities	<u>365</u>	<u>-</u>	<u>365</u>
Net increase (decrease) in cash	44,559	(339,399)	(294,840)
Beginning cash balance	<u>235,514</u>	<u>553,278</u>	<u>788,792</u>
Ending cash balance	280,073	213,879	493,952
Restricted cash	194,445	213,879	408,324
Cash and cash equivalents	<u>\$ 85,628</u>	<u>\$ -</u>	<u>\$ 85,628</u>

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

TOWN OF NEW LLANO

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2017

	<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)	\$ 14,375	\$ 105,120	\$ 119,495
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	35,581	83,236	118,817
(Increase) decrease in accounts receivable	1,294	(1,501)	(207)
(Decrease) increase in operating accounts payable	28,454	(783)	27,671
(Decrease) increase in customer deposits	5,809	-	5,809
(Decrease) increase in accrued salaries	(676)	-	(676)
(Decrease) increase in net pension liabilities	9,205	(2,642)	6,563
Net cash provided (used) by operating activities	<u>\$ 94,042</u>	<u>\$ 183,430</u>	<u>\$ 277,472</u>

Supplemental Disclosure of Cash Flow Information:

During the year ended June 30, 2017, 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, 2017***

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. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the 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.

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2017***

Based upon the above criteria, the Town of New Llano has no component units for the year ended June 30, 2017.

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.

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.

Raymond Street Construction – This fund is used to account for grant funds received for the construction on Raymond Street.

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

Clarance Street Construction – This fund is used to account for grant funds received on the construction of Clarance Street.

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, 2017

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.

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

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.

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.

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, 2017, cash and cash equivalents included the following amounts:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 304,152	\$ 476,442	\$ 780,594
Petty Cash	100	----	100
Total Cash	304,252	476,442	780,694
Restricted Cash	262,140	408,324	670,464
Cash and Cash Equivalents	<u>\$ 42,112</u>	<u>\$ 68,118</u>	<u>\$ 110,230</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

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2017***

bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Town has \$780,694 in deposits (\$920,778 collected bank balance). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,278,550 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, 2017, 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.	4.00
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. Since these taxes are dedicated to debt service, revenue is reported in a debt service fund.	5.25
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.	2.00
	<u>11.25</u>

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.

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2017***

NOTE 4 - RECEIVABLES

The receivables at June 30, 2017, are as follows:

<u>Governmental Activities</u>			
	<u>General Fund</u>		
<u>Accounts Receivable</u>			
Franchise Fees	\$	20,092	
Sales Taxes		40,861	
Other		5,212	
Total Receivables		<u>66,165</u>	
Allowance for Doubtful Accounts		----	
Receivables, net of allowance	\$	<u>66,165</u>	

<u>Business-Type Activities</u>			
<u>Accounts Receivable</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Utility Customers	\$ 63,097	\$ 41,158	\$ 104,255
Other	2,541	----	2,541
Allowance for Doubtful Accounts	(2,966)	(1,983)	(4,949)
Total Utility Customer Receivables	<u>62,672</u>	<u>39,175</u>	<u>101,847</u>
<u>Due From Other Governmental Units</u>			
Grant Receivable	<u>647,563</u>	<u>23,722</u>	<u>671,285</u>
Total Receivables (net)	<u>\$ 710,235</u>	<u>\$ 62,897</u>	<u>\$ 773,132</u>

NOTE 5 – CAPITAL ASSETS

A summary of the property and equipment at June 30, 2017, consists of the following:

	<u>Non Depreciable Capital Assets</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 254,990	\$ ----	\$ ----	\$ 254,990
Construction in progress	90,370	47,008	48,172	89,206
Total Governmental Activities	<u>\$ 345,360</u>	<u>\$ 47,008</u>	<u>\$ 48,172</u>	<u>\$ 344,196</u>
<u>Business-Type Activities</u>				
Construction in Process - Water	\$ 718,090	\$ 1,675,761	\$ ----	\$ 2,393,851
Construction in Process - Sewer	742,945	889,764	----	1,632,709
Total Construction in Process	<u>1,461,035</u>	<u>2,565,525</u>	<u>----</u>	<u>4,026,560</u>
Land – Sewer System	28,835	----	----	28,835
Total Business-Type Activities	<u>\$ 1,489,870</u>	<u>\$ 2,565,525</u>	<u>\$ ----</u>	<u>\$ 4,055,395</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

Capital Assets Being Depreciated

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
Buildings	\$ 1,479,210	\$ ---	\$ ---	\$ 1,479,210
Infrastructure	1,161,442	541,564	---	1,703,006
Improvements	2,055,347	---	---	2,055,347
Vehicles & Equipment	957,512	9,102	---	966,614
Total	5,653,511	550,666	---	6,204,177
Less Accumulated Depreciation	(1,981,815)	(150,190)	---	(2,132,005)
Total Governmental Activities	<u>\$ 3,671,696</u>	<u>\$ 400,476</u>	<u>\$ ---</u>	<u>\$ 4,072,172</u>
<u>Business-Type Activities</u>				
Water System				
Water Distribution System	\$ 1,358,607	\$ ---	\$ ---	\$ 1,358,607
Vehicles & Equipment	98,826	31,103	---	129,929
Accumulated Depreciation	(421,596)	(35,581)	---	(457,177)
Total Water System	<u>1,035,837</u>	<u>(4,478)</u>	<u>---</u>	<u>1,031,359</u>
Sewer System				
Sewer Distribution System	3,095,546	---	---	3,095,546
Vehicles & Equipment	160,837	---	---	160,837
Accumulated Depreciation	(1,219,013)	(83,236)	---	(1,302,249)
Total Net of Depreciation	<u>2,037,370</u>	<u>(83,236)</u>	<u>---</u>	<u>1,954,134</u>
Total Business-Type	<u>\$ 3,073,207</u>	<u>\$ (87,714)</u>	<u>\$ ---</u>	<u>\$ 2,985,493</u>

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

General Government	\$ 37,707
Police Department	14,034
Fire Department	10,572
Streets, Drainage, & Recreation	87,877
Total Depreciation – Governmental Activities	<u>\$ 150,190</u>

Business-Type Activities:

Water	\$ 35,581
Sewer	83,236
Total Depreciation – Business-Type Activities	<u>\$ 118,817</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a summary of payables at June 30, 2017:

Governmental Activities			
	General Fund		
Payable to Vendors	\$		70,659
Salaries Payable			39,259
Other			10,964
Total	\$		120,882

Business-Type Activities			
	Water System	Wastewater System	Total
Payable to Vendors	\$ 60,331	\$ 10,547	\$ 70,878
Payable under Contractual Obligations	601,369	25,578	626,947
Retainage Payable under Contractual Obligations	78,200	70,061	148,261
Other	11,049	----	11,049
Total Business-Type	\$ 750,949	\$ 106,186	\$ 857,135

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	\$ ----	\$ 746,000	\$ 746,000
State Drinking Water Revolving Loan	----	724,092	724,092
Capital Lease	----	----	----
Certificate of Indebtedness	421,000	----	421,000
General Obligation Bonds	493,000	190,000	683,000
Total Long-term Debt	914,000	1,660,092	2,574,092
Due Within One Year	(70,000)	(127,000)	(197,000)
Due in More Than One Year	\$ 844,000	\$ 1,533,092	\$ 2,377,092

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

Changes in the Town's long-term debt activity for the year ended June 30, 2017, 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	\$ 453,000	\$ ----	\$ 32,000	\$ 421,000
Capital Lease	11,981	----	11,981	----
General Obligation Bonds	529,000	----	36,000	493,000
Total Governmental Activities	\$ 993,981	\$ ----	\$ 79,981	\$ 914,000
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
<u>Water System</u>				
Water Revenue Bonds	\$ 106,000	\$ ----	\$ 52,000	\$ 54,000
State Drinking Water Revolving Loan	231,636	511,456	19,000	724,092
Total Water System	337,636	511,456	71,000	778,092
<u>Sewer System</u>				
Sewer Revenue Bonds	750,000	----	58,000	692,000
General Obligation Bonds	204,000	----	14,000	190,000
Total Sewer System	954,000	----	72,000	882,000
Total Business-Type Activities	\$ 1,291,636	\$ 511,456	\$ 143,000	\$ 1,660,092

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.

\$ 54,000

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.

692,000

Total Revenue Bonds

\$ 746,000

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

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, 2017 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.

\$ 421,000

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, 2017 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 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.

\$ 493,000

\$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.

190,000

Total General Obligation Bonds

\$ 683,000

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to June 30, 2017, are as follows:

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

Governmental Activities:

	Principal Installments			
	<u>Certificates of Indebtedness</u>	<u>General Obligations</u>	<u>Total</u>	<u>Interest</u>
2018	\$ 33,000	\$ 38,000	\$ 71,000	\$ 39,705
2019	35,000	40,000	75,000	36,724
2020	37,000	43,000	80,000	33,538
2021	39,000	45,000	84,000	30,097
2022	41,000	47,000	88,000	26,441
2023-2027	236,000	280,000	516,000	68,581
Total Governmental	<u>\$ 421,000</u>	<u>\$ 493,000</u>	<u>\$ 914,000</u>	<u>\$ 235,086</u>

Business-type Activities

	Principal Installments				
	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer General Obligations</u>	<u>Total</u>	<u>Interest</u>
2018	\$ 54,000	\$ 58,000	\$ 15,000	\$ 127,000	\$ 27,873
2019	----	58,000	16,000	74,000	25,184
2020	----	59,000	16,000	75,000	23,818
2021	----	59,000	17,000	76,000	22,332
2022	----	60,000	18,000	78,000	20,459
2023-2027	----	326,000	108,000	434,000	61,621
2028	----	72,000	----	72,000	1,530
Total Business-Type	<u>\$ 54,000</u>	<u>\$ 692,000</u>	<u>\$ 190,000</u>	<u>\$ 936,000</u>	<u>\$ 182,817</u>

Total interest charged to expense for the year ended June 30, 2017 is \$37,077 for business type activities and \$36,953 for governmental activities.

State Drinking Water Revolving Loan

The Town has been approved to issue \$1,000,000 of water revenue bonds through the State of Louisiana Department of Health and Hospitals, Office of Public Health. The bonds will be drawn down as expenses are incurred for the construction of new water wells. Thirty-percent of the loan amount is subject to immediate principal forgiveness. The remaining balance will be due in annual installments ranging from \$25,000 to \$47,000. The loan bears interest of 3.45%. At June 30, 2017, \$1,074,416 of the funds had been drawn down of which \$724,092 is recorded as an outstanding loan.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

In addition to the funding from the Department of Health and Hospitals, the State of Louisiana, Division of Administration, Office of Facility Planning and Control has pledged additional funding.

NOTE 7 - WATER CONTRACT

The Town has a contract with the Town of Leesville for the purchase of water. In the current year, the town renewed the contract at the same rate. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates set at one dollar ninety cents (\$1.90) per one thousand (1,000) gallons

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	\$ 290,145	\$ 124,247	\$ 7,634
Firefighters' Retirement System of Louisiana	92,574	43,843	27,175
Municipal Police Employees' Retirement System of Louisiana	<u>589,849</u>	<u>293,359</u>	<u>9,419</u>
Total	972,568	461,449	44,228
Portion Applicable to Governmental Activities	<u>822,659</u>	<u>394,102</u>	<u>40,090</u>
Portion Applicable to Business-Type Activities	<u>\$ 149,909</u>	<u>\$ 67,347</u>	<u>\$ 4,138</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

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

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 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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 226,092,430
Plan Fiduciary Net Position	143,201,586
Net Pension Liability	<u>82,890,844</u>
Town's Proportionate Share (Percentage)	<u>0.350802 %</u>
Town's Proportionate Share (Amount)	<u>\$ 290,145</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, 2016 are provided as follows:

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Notes To Financial Statements

June 30, 2017

Beginning Net Pension Liability		\$	244,238
Employer Contributions			(24,485)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	52,330		
Changes in Benefit Terms	3,331		
Employee Contributions	(8,638)		47,023
Changes in Deferred Outflows of Resources			24,036
Changes in Deferred Inflows of Resources			(667)
Ending Net Pension Liability		\$	<u>290,145</u>

There were no changes between June 30, 2017 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 71,276	\$ 4,201	\$ 67,075
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	2,385	----	2,385
Changes of Assumptions	14,490	----	14,490
Changes in Proportion	8,191	3,433	4,758
Employer Contributions Made After the Measurement Date	27,905	----	27,905
Total Deferrals	<u>124,247</u>	<u>7,634</u>	<u>116,613</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(27,905)</u>	<u>----</u>	<u>(27,905)</u>
Deferrals Subject to Amortization	<u>\$ 96,342</u>	<u>\$ 7,634</u>	<u>\$ 88,708</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, 2018	\$ 27,603
June 30, 2019	27,842
June 30, 2020	22,414
June 30, 2021	<u>10,849</u>
Total	<u>\$ 88,708</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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Notes To Financial Statements ***June 30, 2017***

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.500%
Projected Salary Increases	5.00% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
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 verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 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>
Public Equity	50.0%	2.6%
Public Fixed Income	35.0%	1.8%
Alternatives	15.0%	0.8%
Totals	<u>100.00%</u>	<u>5.2%</u>
Inflation		<u>2.5%</u>
Expected Arithmetic Nominal Return		<u>7.6%</u>

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

The discount rate used to measure the total pension liability was 7.5%. 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.

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:

	<u>1% Decrease 6.5% Discount Rate</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5% Discount</u>
Net Pension Liability	\$ 376,165	\$ 290,145	\$ 217,934

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.

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2017***

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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,760,140,132
Plan Fiduciary Net Position	1,822,858,397
Net Pension Liability	<u>937,281,735</u>
Town’s Proportionate Share (Percentage)	0.062932%
Town’s Proportionate Share (Amount)	<u>\$ 589,849</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, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 448,541
Employer Contributions	(52,058)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	75,113
Changes in Proportion	76,207
Employee Contributions	<u>(11,709)</u>
Changes in Deferred Outflows of Resources	46,349
Changes in Deferred Inflows of Resources	<u>7,406</u>
Ending Net Pension Liability	<u>\$ 589,849</u>

There were no changes between June 30, 2017 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:

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 9,383	\$ (9,383)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	90,762	----	90,762
Changes of Assumptions	28,679	36	28,643
Changes in Proportion	133,476	----	133,476
Employer Contributions Made After the Measurement Date	40,442	----	40,442
Total Deferrals	293,359	9,419	283,940
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(40,442)	----	(61,389)
Deferrals Subject to Amortization	<u>\$ 252,917</u>	<u>\$ 9,419</u>	<u>\$ 243,498</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, 2017	\$ 100,496
June 30, 2018	73,336
June 30, 2019	46,611
June 30, 2020	23,055
Total	<u>\$ 243,498</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, 2016
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.5% net of investment expense
Expected Remaining Service Lives	2016 - 4 Years
Inflation Rate	2.875 % per annum

Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3 – 23	4.75%
	23 & Over	4.25%

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

Mortality

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females and disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently paid by the System and includes previously granted cost-of-living increases.

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, 2016 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	53.00%	3.69%
Fixed Income	21.00%	0.49%
Alternatives	20.00%	1.11%
Other	6.00%	0.21%
Totals	<u>100.00%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.25%</u>

The discount rate used to measure the total pension liability was 7.5%. 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.

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables

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 6.5% Discount Rate	Current Discount Rate 7.5%	1% Increase 8.5 % Discount
Net Pension Liability	\$ 786,321	\$ 589,849	\$ 424,895

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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2017

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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability		\$ 2,053,982,618
Plan Fiduciary Net Position		<u>1,399,892,212</u>
Net Pension Liability		654,090,406
Town's Proportionate Share (Percentage)		0.014153%
Town's Proportionate Share (Amount)		<u>\$ 92,574</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, 2016 are provided as follows:

Beginning Net Pension Liability		\$ 92,652
Employer Contributions		(8,709)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	12,329	
Employee Contributions	<u>(3,514)</u>	8,815
Changes in Deferred Outflows of Resources		9,505
Changes in Deferred Inflows of Resources		<u>(9,689)</u>
Ending Net Pension Liability		<u>\$ 92,574</u>

There were no changes between June 30, 2017 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:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 3,664	(3,664)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	22,249	---	22,249
Changes of Assumptions	798	26	772
Changes in Proportion	12,214	23,485	(11,271)
Employer Contributions Made After the Measurement Date	8,582	-----	8,582
Total Deferrals	43,843	27,175	16,668
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(8,582)	----	(8,582)
Deferrals Subject to Amortization	\$ 35,261	\$ 27,175	8,086

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, 2017	\$ 2,680
June 30, 2018	2,680
June 30, 2019	4,077
June 30, 2020	981
June 30, 2021	(51)
Thereafter	(2,281)
Total	\$ 8,086

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, 2016
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.5% per annum
Inflation Rate	2.875 % per annum
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years.
Cost of Living Adjustments	Only those previously granted

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2017***

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation. The long term expected nominal rate of return was 8.24% as of June 30, 2016.

Best estimates of real rates of return for each major asset class included in the FRS target asset allocation as of June 30, 2016, 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>
Fixed Income	24.00%	1.85%
Equity	58.00%	6.77%
Alternatives	8.00%	6.67%
Other	10.00%	4.30%
Totals	<u>100.00%</u>	<u>5.34%</u>
Inflation		<u>3.00%</u>
Expected Arithmetic Nominal Return		<u>8.34%</u>

The discount rate used to measure the total pension liability was 7.5%. 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.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

	1% Decrease 6.5%	Current Discount	1% Increase
	<u>Discount Rate</u>	<u>Rate 7.5%</u>	<u>8.5% Discount</u>
Net Pension Liability	\$ 126,124	\$ 92,574	\$ 64,358

NOTE 10 – RESTRICTIONS AND COMMITMENTS

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. Amounts on deposit in these accounts are reported as restricted cash. In addition the corresponding amounts of net position are also presented as restricted net position.

NOTE 11 – INTERFUND BALANCES

In some cases resources available in particular funds have been used to supplement the operations of other funds. Internal receivables and payables have arisen as a result of these transactions. These internal balances are summarized as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Total</u>
<u>Governmental Funds</u>			
Non-Major Funds	\$ 1,753	\$ 500	\$ 1,253
Total Governmental Funds	<u>1,753</u>	<u>500</u>	<u>1,253</u>
<u>Business Type Funds</u>			
Water System	<u>500</u>	<u>1,753</u>	<u>(1,253)</u>
Total Business Type	<u>500</u>	<u>1,753</u>	<u>(1,253)</u>
Total	<u>\$ 1,253</u>	<u>\$ (1,253)</u>	<u>\$ ----</u>

NOTE 12 – 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>Operating Transfers In</u>	<u>Operating Transfers Out</u>	<u>Net</u>
<u>Governmental Funds</u>			
General Fund	\$ ----	\$ 87,921	\$ (87,921)
Raymond Street Construction	69,476	----	69,476
Clarence Street Construction	92,792	----	92,792
Non-Major	35,055	----	35,055
Total Governmental Funds	<u>197,323</u>	<u>87,921</u>	<u>109,402</u>
<u>Business Type Funds</u>			
Water System	12,221	----	12,221

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2017

Sewer System	----	121,623	(121,623)
Total Business Type Funds	<u>12,221</u>	<u>121,623</u>	<u>(109,402)</u>
Total	<u>\$ 209,544</u>	<u>\$ 209,544</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, 2017, 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	\$ 23,007
Fire Department	<u>20,968</u>
Total	<u>\$ 43,975</u>

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2017

Continued

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes				
Ad Valorem	\$ 40,000	\$ 48,713	\$ 49,059	\$ 346
Sales	370,000	400,791	470,488	69,697
Other	-	-	-	-
License and permits				
Occupational Licenses	60,000	52,574	92,409	39,835
Franchise	120,000	123,917	141,194	17,277
Other	34,000	96,204	27,374	(68,830)
Intergovernmental	157,000	99,513	159,522	60,009
Fines and fees	600,000	600,000	627,180	27,180
Miscellaneous	62,500	35,745	85,986	50,241
Total revenues	<u>1,443,500</u>	<u>1,457,457</u>	<u>1,653,212</u>	<u>195,755</u>
General Government:				
Salary - mayor and aldermen	41,000	43,625	42,375	1,250
Salaries - other	41,500	49,848	49,811	37
Office operations	20,000	22,154	29,946	(7,792)
Payroll taxes and expenses	8,500	5,483	12,482	(6,999)
Insurance	30,600	79,493	80,504	(1,011)
Professional fees	30,000	36,761	37,166	(405)
Miscellaneous	30,000	13,217	10,847	2,370
Utilities and telephone	8,000	9,956	11,309	(1,353)
Magistrate				
Salaries	26,400	39,352	40,704	(1,352)
Payroll taxes and expenses	5,500	3,558	6,384	(2,826)
Insurance	7,200	3,819	4,393	(574)
Other	7,000	443	847	(404)
Total general government	<u>255,700</u>	<u>307,709</u>	<u>326,768</u>	<u>(19,059)</u>
Public Safety:				
Police				
Salaries	358,730	257,669	279,382	(21,713)
Payroll taxes	24,000	-	23,576	(23,576)
Retirement	56,900	39,489	40,442	(953)
Mayors court	34,000	31,218	81,546	(50,328)
Office operations	41,000	86,380	19,094	67,286
Vehicle operations	40,000	37,277	21,381	15,896
Insurance	90,400	68,401	71,316	(2,915)
Prisoner expense	19,000	19,132	18,689	443
Prosecutor Expense	20,400	17,700	15,600	2,100
Utilities	8,000	7,614	8,062	(448)
Pretrial Intervention	-	-	-	-
Indigent Defender	20,000	20,735	19,434	1,301
Miscellaneous	24,600	20,397	27,975	(7,578)
Police total	<u>737,030</u>	<u>606,012</u>	<u>626,497</u>	<u>(20,485)</u>

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Public Safety: (continued)</u>				
Total Police	<u>737,030</u>	<u>606,012</u>	<u>626,497</u>	<u>(20,485)</u>
Fire				
Salaries	251,600	298,677	328,275	(29,598)
Payroll taxes	17,000	-	25,070	(25,070)
Retirement	18,000	8,340	8,582	(242)
Insurance	32,000	44,743	46,420	(1,677)
Office Operations	30,000	27,016	35,230	(8,214)
Fuel	13,000	15,043	-	15,043
Vehicles Expenses	12,000	37,366	37,218	148
Utilities	12,000	9,787	10,679	(892)
Miscellaneous	<u>10,500</u>	<u>17,950</u>	<u>3,806</u>	<u>14,144</u>
Total Fire	<u>396,100</u>	<u>458,922</u>	<u>495,280</u>	<u>(36,358)</u>
Total public safety	<u>1,133,130</u>	<u>1,064,934</u>	<u>1,121,777</u>	<u>(56,843)</u>
<u>Streets, Drainage, & Recreation</u>				
Salaries	36,000	51,434	52,731	(1,297)
Payroll taxes and expenses	7,000	4,030	8,057	(4,027)
Utilities	30,000	41,909	44,362	(2,453)
Insurance	15,300	17,769	18,543	(774)
Contract Labor/R&M	-	2,120	1,427	693
Miscellaneous	9,000	24,990	24,594	396
Recreation	<u>21,000</u>	<u>15,711</u>	<u>16,950</u>	<u>(1,239)</u>
Total streets, drainage, & recreation	<u>118,300</u>	<u>157,963</u>	<u>166,664</u>	<u>(8,701)</u>
Capital Expenditures	<u>80,000</u>	<u>57,008</u>	<u>56,110</u>	<u>898</u>
Debt Service	<u>12,000</u>	<u>2,000</u>	<u>12,460</u>	<u>(10,460)</u>
Total expenditures	<u>1,599,130</u>	<u>1,589,614</u>	<u>1,683,779</u>	<u>(94,165)</u>
Excess (deficiency) of revenues over expenditures	(155,630)	(132,157)	(30,567)	101,590
Other sources (uses)				
Operating transfers in (out)	<u>100,000</u>	<u>191,821</u>	<u>(87,921)</u>	<u>(279,742)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(55,630)	59,664	(118,488)	(178,152)
Fund balance - beginning of year	<u>105,995</u>	<u>105,995</u>	<u>105,323</u>	<u>(672)</u>
Fund balance - end of year	<u>\$ 50,365</u>	<u>\$ 165,659</u>	<u>\$ (13,165)</u>	<u>\$ (178,824)</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 as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2014	0.3300%	155,368	225,063	69.0%	76.9%
June 30, 2015	0.3594%	244,238	257,741	94.8%	68.7%
June 30, 2016	0.3508%	290,145	253,497	114.5%	63.3%
Firefighters's Retirement System					
June 30, 2014	0.0137%	61,038	28,057	217.5%	76.0%
June 30, 2015	0.0172%	92,652	34,102	271.7%	72.4%
June 30, 2016	0.0142%	92,574	33,804	273.9%	68.2%
Municipal Police Employees' Retirement System					
June 30, 2014	0.0387%	242,004	102,648	235.8%	75.1%
June 30, 2015	0.0573%	448,541	172,673	259.8%	70.7%
June 30, 2016	0.0629%	589,849	126,521	466.2%	66.0%

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, 2014	19,693	19,693	-	225,063	8.75%
June 30, 2015	24,485	23,682	803	257,741	9.19%
June 30, 2016	27,885	24,485	3,400	253,497	9.66%
Firefighters's Retirement System					
June 30, 2014	7,926	7,926	-	28,057	28.25%
June 30, 2015	9,293	10,687	(1,394)	34,102	31.34%
June 30, 2016	8,535	8,696	(161)	33,804	25.72%
Municipal Police Employees' Retirement System					
June 30, 2014	31,821	31,821	-	102,648	31.00%
June 30, 2015	51,174	48,281	2,893	172,673	27.96%
June 30, 2016	40,171	52,004	(11,833)	126,521	41.10%

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, 2017

	LCDBG	Debt Service		Non-Major Funds
		Town Hall Sinking Fund	Series 2007A	
Assets				
Cash & cash equivalents	\$ 560	\$ -	\$ -	\$ 560
Interfund Receivables	-	-	1,753	1,753
Restricted Cash	-	35,259	226,881	262,140
Total assets	\$ 560	\$ 35,259	\$ 228,634	\$ 264,453
Liabilities and Fund Balance				
<u>Liabilities</u>				
Interfund Payable	\$ 500	\$ -	\$ -	\$ 500
Total liabilities	500	-	-	500
<u>Fund Balance</u>				
Restricted				
Debt Service	-	-	228,634	228,634
Assigned to Debt Service	-	35,259	-	35,259
Unassigned	60	-	-	60
Total Fund Balances	60	35,259	228,634	263,953
Total Liabilities and Fund Balance	\$ 560	\$ 35,259	\$ 228,634	\$ 264,453

TOWN OF NEW LLANO

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Governmental Funds
Year Ended June 30, 2017**

	LCDBG	Debt Service		Non-Major Fund
		Town Hall Sinking Fund	Series 2007A	
Revenues:				
Ad Valorem Taxes	\$ -	\$ -	\$ 63,237	\$ 63,237
Miscellaneous	-	21	225	246
Total revenues	-	21	63,462	63,483
Expenditures:				
General Expenditures	-	-	-	-
Debt Service	-	48,825	56,127	104,952
Total expenditures	-	48,825	56,127	104,952
Excess (deficiency) of revenues over expenditures	-	(48,804)	7,335	(41,469)
Other sources (uses)				
Operating transfers in (out)	55	35,000	-	35,055
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	55	(13,804)	7,335	(6,414)
Fund balance - beginning of year	5	49,063	221,299	270,367
Fund balance - end of year	\$ 60	\$ 35,259	\$ 228,634	\$ 263,953

TOWN OF NEW LLANO

Schedule of Compensation Paid to Board Members Year Ended June 30, 2017

Freddie Boswell	\$ 26,000
Carolyn Todd	3,375
Terry Speicher	3,375
Ervin Wilson	3,250
Charlotte Cooper	3,375
R.J. Fertitta	<u>3,000</u>
Total Compensation	<u>\$ 42,375</u>

TOWN OF NEW LLANO

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2017

Agency Head (Mayor) - Freddie Boswell

Purpose:

Compensation	\$	26,000
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Benefits		-
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Reimbursements		425
----------------	--	-----

ROZIER, HARRINGTON & MCKAY

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RETIRED - 2005

December 11, 2017

**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 Freddie Boswell, 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, 2017, 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 December 11, 2017.

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.

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 of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2017-1 and 2017-2.

Management's Response to Findings

The Town of New Llano's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. The Town of New Llano's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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, HARRINGTON & MCKAY
Certified Public Accountants

Town of New Llano, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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, 2017, and for the year then ended expressed an unmodified opinion.
- The results of the audit did disclose two instances of noncompliance (**Finding 2017-1 and 2017-2**) that is considered to be material to the financial statements of the Town of New Llano.
- The audit did not disclose an audit finding which is required to be reported as a material weakness or significant deficiency in internal control over financial reporting.
- The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

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

Finding 2017-1 – Late Payment of Payroll Taxes and Retirement

There were instances during the current year in which the payroll taxes and retirement contributions were not paid timely to the state and federal agencies. This has resulted in the Town paying unnecessary penalties and interest. We recommend that the Town make every effort to pay payroll tax contributions and retirement contributions timely.

Finding 2017-2 – Payment of Sales Taxes

We have found instances in which the Town paid sales taxes on some purchases during the year. The Town is exempt from paying sales taxes on purchases. To ensure that the Town does not pay sales taxes in the future, we recommend that the Town provide each vendor with the form provided by the Louisiana Department of Revenue that demonstrates the Town's tax exempt status.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None

**Town of New Llano, Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2017**

**SECTION I - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS**

<p><u>Finding 2017-1 – Late Payment of Payroll Taxes and Retirement</u> There were instances during the current year in which the payroll taxes and retirement contributions were not paid timely to the state and federal agencies. This has resulted in the Town paying unnecessary penalties and interest. We recommend that the Town make every effort to pay payroll tax contributions and retirement contributions timely.</p> <p><u>Finding 2017-2 – Payment of Sales Taxes</u> We have found instances in which the Town paid sales taxes on some purchases during the year. The Town is exempt from paying sales taxes on purchases. To ensure that the Town does not pay sales taxes in the future, we recommend that the Town provide each vendor with the form provided by the Louisiana Department of Revenue that demonstrates the Town's tax exempt status.</p>	<p><u>Response 2017-1</u> – During the current year, the Town experienced periods of unpredictable cash flow. We will strengthen our policies to ensure that withholdings and employer contributions are paid timely.</p> <p><u>Response 2017-2</u> - We will closely monitor our purchases in the future to ensure we do not pay sales taxes on purchases. Furthermore, we will provide each of our vendors with the appropriate form demonstrating that we are tax exempt.</p>
--	--

**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, 2017

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

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Report On Applying Agreed-Upon Procedures

The Honorable Freddie Boswell, Mayor
And the Board of Alderman and
the Louisiana Legislative Auditor:

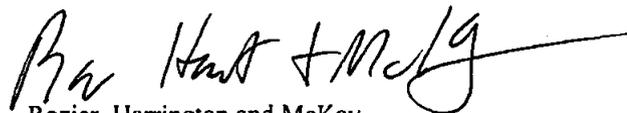
We have performed the procedures enumerated below, which were agreed to by the Town of New Llano (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
December 4, 2017

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Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>An analysis of written policies and procedures has resulted in the following conclusions:</p> <ul style="list-style-type: none"> • Payroll/Personnel is addressed in the detail suggested by agreed-upon procedures. • Details related to the following functions were limited and did not specifically address suggested components. <ul style="list-style-type: none"> ○ Budgeting ○ Purchasing ○ Disbursements ○ Receipts ○ Contracting ○ Credit Cards ○ Travel and expense reimbursements ○ Ethics ○ Debt 	<p>Despite the absence of written details, New Llano has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

Town of New Llano

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Up Procedure	Results	Managements' Response
<p>2 Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p style="padding-left: 20px;">➤ If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>The governing board meets monthly with a quorum.</p> <p>The governing board reviewed financial statements as part of the monthly activity report that they received. Further details are provided as follows:</p> <ul style="list-style-type: none"> • The financial statements did not include budget comparisons. • Budgets adopted and by the governing board did not include deficits. <p>Monthly meetings include non-budgetary items such as hiring police officers, adopting of the property tax millage, and condemnation of property.</p>	<p><i>The results did not include any findings or issues requiring a response.</i></p> <p>For the subsequent period, budget comparisons will be added to the information reviewed by the Board on a monthly basis.</p> <p><i>The results did not include any findings or issues requiring a response.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts from management</p>	<p>All bank accounts are provided by the Town Clerk.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>4 Using the listing provided by management, select one third bank accounts and report whether:</p> <p>a) Bank reconciliations have been prepared;</p> <p>b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation</p>	<p>The bank accounts have been reconciled monthly.</p> <p>A Council Member, who is currently a signatory on the accounts, has been assigned the task of reviewing and signing each bank reconciliation. Further are provided as follows:</p> <ul style="list-style-type: none"> • There were three months which were not signed by the Council Member. • There were some instances in which this Council Member reviewed and signed the bank reconciliation but also signed checks during the same month. 	<p><i>The results did not include findings or criticisms.</i></p> <p>We plan to remove this Council Member as a signatory on each of our accounts. She will continue her duties of reviewing and signing each bank reconciliation.</p>
<p>c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.</p>	<p>There were no reconciling items in excess of 6 months old.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> • bonded, • not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account • not required to share the same cash register or drawer with another employee. <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p>	<p>All collection activity is conducted at 109 Stanton St, New Llano, LA (Town Hall)</p> <ul style="list-style-type: none"> • Coverage for employee theft with a loss limit is maintained. • Each clerk has a separate cash drawer. • The Town clerk does not deposit cash in the bank but does record the transaction and reconcile the bank account. <p>The head clerk, who is not responsible for cash collections, reconciles cash collections each day to daily deposit sheets.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The size of the staff limits opportunities for segregation of duties. Risk is mitigated because most collections are in the form of direct deposit, credit card, or check. Transactions involving currency that is susceptible to misappropriation are limited.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> • Report whether the deposits were made within one day of collection. • Verify that daily cash collections are completely supported by documentation <p>7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<ul style="list-style-type: none"> • Deposits are made daily. • Collections are completely supported by documentation. <p>The process utilizes receipts and accounts receivable records to determine that collections are complete. Although the process is functional, the procedures have not been formally documented are committed to written form.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Despite the absence of written details, the New Llano has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

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 entity disbursements from management</p> <p>9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system.</p> <p>b) Purchase orders were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without</p> <ul style="list-style-type: none"> • An approved requisition and/or purchase order • A receiving report showing receipt of goods purchased, • An approved invoice. 	<p>Management provided access to the general ledger system that reports all disbursement activity.</p> <p>The Town has a process for using purchase orders. However, the use of purchase orders was limited and they were typically not fully completed. Each transaction processed was supported by an invoice or similar supporting documentation.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Due to the small workforce management is capable of monitoring approval and receipts without the need for formal requisitions, purchase orders, or receiving reports. Invoices are reviewed for approval and receipt considerations before disbursements are made.</p>

Town of New LLano

Statewide Agreed-Upon Procedures

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

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.	The Town Clerk is responsible for processing all payments and can add vendors to the system.	The size of the staff limits opportunities for segregation of duties. The Town Clerk processes disbursements weekly but can add vendors to the system as necessary. Risks are mitigated by the involvement of the mayor reviewing each disbursement.
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	The Mayor and some Council members have signatory authority. Also, the Mayor has the ability to initiate purchases. The Town Clerk has responsibility for recording purchases.	The size of the staff limits opportunities for segregation of duties. Risks are mitigated by the dual signature requirement.
12 Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	The check stock is in a locked cabinet in the Clerk's office. The Clerk does not have signatory authority.	<i>The results did not include findings or criticisms.</i>
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks is maintained under his or her control or is used only with the knowledge and consent of the signer.	The signature stamp is maintained by the Mayor at his residence. The stamp is only used by his authorization upon an extended illness and two other council members cannot be located.	<i>The results did not include findings or criticisms.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).</p>	<p>The Clerk provided a list of credit cards.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>15 Select the monthly statement or combined statement with the largest dollar activity for each card and:</p> <p>a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b) Report whether finance charges and/or late fees were assessed on the selected statements</p>	<p>There was no evidence that the credit card statement was approved.</p> <p>The statement did not include any finance charges or late fees.</p>	<p>We will have a Council Member review each statement each month.</p> <p><i>The results did not include findings or criticisms.</i></p>
<p>16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p>a) Obtain supporting documentation for all transactions for each of the 10 cards selected by:</p> <ul style="list-style-type: none"> • An original itemized receipt • Documentation of the business/public purpose • Other documentation that may be required by written policy 	<p>Documentation was available to support 99.07% of the credit card purchases. Undocumented purchase consisted of \$53.02 paid to Nichols Discount Center.</p>	<p>In the future, we will require the vendor to provide documentation for each monthly charge.</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
b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law	None of the purchases were subject to Public Bid Law requirements.	<i>The results did not include findings or criticisms.</i>
c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution	None of the purchases appeared to be a loan, pledge, or donation of funds, credit, property, or things of value	<i>The results did not include findings or criticisms.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>17 Obtain from management a listing of all travel and related expense reimbursements, by person.</p>	<p>There were no travel expenses during the year.</p> <p>There was only one expense reimbursement to the Mayor during the year.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.</p>	<p>The reimbursement was for purchase by the Mayor. They were not for Travel and therefore, the GSA rates do not apply. The Town reimbursed directly from the invoice.</p>	<p><i>N/A - The results did not include findings or criticisms.</i></p>
<p>19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:</p> <p>a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.</p>	<p>The reimbursement was for purchase by the Mayor. They were not for Travel and therefore, the GSA rates do not apply. The Town reimbursed directly from the invoice.</p>	<p><i>The results did not include findings or criticisms.</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
<p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> • An original itemized receipt that identifies precisely what was purchased. • Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). • Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) 	<p>The transaction was supported by adequate documentation that demonstrated business purpose.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p>	<p>None of the reimbursement received represented a loan, pledge, or donation of funds, credit, property, or things of value</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>Approval was provided by a source other than the recipient.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>The list was obtained.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> • If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements. • If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. <p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract</p>	<p>For four of the selected vendors, the nature of the transactions were not of a type or character that typically conform to a written contract. A formal written contract was applicable for the other contract.</p> <p>The contracts were not subject to the public bid law. The contracts subject to testing were each for professional services. Due to the subjective nature of the services factors other than price were considered in awarding the contract.</p> <p>None of the contracts evaluated were subject to amendments or change orders.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of New LLano

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
terms contemplated or provided for such an amendment. d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract. e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).	The invoice and related payments were consistent with the contract terms, except for the one invoice that could not be located. Policies and procedures did not require specific approval by the governing board.	We will work with this vendor and get an updated contract. Rather than specifically approving each contract, the Board provided funding in the budget for the contracts that were subject to testing. We believe that this process provides an appropriate level of oversight for the contracting process.

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>The District's personnel are not subject to employment contracts. Compensation rates were properly documented in the employee file.</p> <p>There were no changes during the current year.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</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>a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)</p>	<p>Attendance and leave were documented on time sheets.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p>	<p>Time sheets did not include a supervisor's signature.</p>	<p>We will begin having supervisors review and approve time sheets.</p>
<p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	<p>Leave taken as reported on time sheets was deducted from the employees leave balance maintained on their leave worksheet.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	<p>Payments made were consistent with the terms of the personnel policy.</p>	<p><i>The results did not include findings or criticisms.</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
25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.	<p>The reporting forms for payroll taxes were submitted timely. Further details regarding payroll taxes and retirement payments are below:</p> <ul style="list-style-type: none">• For Municipal Police Retirement and Firefighters Retirement only the months of January, April, and June were filed and paid timely.• For Municipal Employees Retirement only the months of June and January were filed and paid timely.• There were eight instances in which some or all of the payroll tax payments were made late.	<p>We will strengthen our procedures and ensure that payroll taxes and retirement are paid timely in order to decrease the amount of interest and penalties paid.</p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.</p>	<p>For the five employees selected results are as follows:</p> <ul style="list-style-type: none"> • Two of the five employees did not have the ethics training. 	<p>One of these employees only worked one week and the other only worked one month. We did not have the opportunity to get their ethics training completed prior to their termination. We will immediately have each employee complete the ethic course. In the future, all new hires will be required to complete training as part of their initial orientation.</p>
<p>27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.</p>	<p>According to management there were no alleged ethics violations.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	Not applicable, there was no new debt issued.	<i>The results did not include findings or criticisms.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	The Town complied with all debt covenants.	<i>The results did not include findings or criticisms.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	<p>The Town has two General Obligation Bonds outstanding. Details related to the collections are below:</p> <ul style="list-style-type: none"> • Series A – Millage collections exceeded debt service payments by more than 10%. • Series B – Millage collections did not exceed debt service payments by more than 10%. <p>There is no debt that is paid off for which any millages are still being received.</p>	Our policy is to lower the assessment to ensure that we collect enough tax to only pay the debt.

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	No misappropriations were identified.	<i>The results did not include findings or criticisms.</i>
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lln.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice was posted.	<i>The results did not include findings or criticisms.</i>
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>