

**TOWN OF NEW LLANO**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

***ROZIER, HARRINGTON & MCKAY***  
***Certified Public Accountants***  
***Alexandria, Louisiana***

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# ROZIER, HARRINGTON & MCKAY

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October 31, 2018

### 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, 2018, 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, 2018, 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**

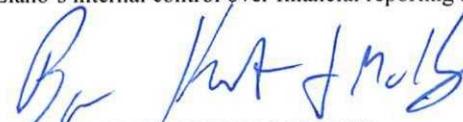
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Llano's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic 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 October 31, 2018, 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, 2018**

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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, 2018.

### **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, 2018**

- **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, 2018</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>For the Year Ended June 30, 2017</u>
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 434,721	\$ 507,321	\$ 942,042	\$ 1,619,991
Capital Assets	4,304,152	7,329,274	11,633,426	11,457,256
Total Assets	<u>4,738,873</u>	<u>7,836,595</u>	<u>12,575,468</u>	<u>13,077,247</u>
Deferred Outflows	<u>201,007</u>	<u>63,777</u>	<u>264,784</u>	<u>461,449</u>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	51,782	143,017	194,799	1,000,115
Long-term Liabilities	1,475,390	1,835,953	3,311,343	3,640,856
Total Liabilities	<u>1,527,172</u>	<u>1,978,970</u>	<u>3,506,142</u>	<u>4,640,971</u>
Deferred Inflows	<u>125,640</u>	<u>7,440</u>	<u>133,080</u>	<u>44,228</u>
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	3,451,979	5,638,477	9,090,456	8,861,066
Restricted	243,867	322,881	566,748	672,217
Unrestricted	(408,778)	(47,396)	(456,174)	(679,786)
Total Net Position	<u>\$ 3,287,068</u>	<u>\$ 5,913,962</u>	<u>\$ 9,201,030</u>	<u>\$ 8,853,497</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, 2018**

An additional portion of the Town's net position (6.1%) 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:

	<b>For the Year Ended June 30, 2018</b>			<b>For the Year Ended June 30, 2017</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Revenues:</u></b>				
Program Revenue:				
Charges for Services	\$ 338,194	\$ 967,027	\$ 1,305,221	\$ 1,536,282
Operating Grants and Contributions	84,256	----	84,256	115,760
Capital Grants and Contributions	----	226,453	226,453	1,983,697
General Revenue:				
Sales Taxes	477,481	----	477,481	470,488
Property Taxes	121,580	26,207	147,787	136,386
Other Taxes	57,056	----	57,056	53,958
Franchise Taxes	153,836	----	153,836	141,194
Occupational Licenses	70,609	----	70,609	92,409
Other Licenses	23,680	----	23,680	27,374
Rental and Lease	----	----	---	69,700
Miscellaneous	40,429	214	40,643	26,701
Total Revenue	<u>1,367,121</u>	<u>1,219,901</u>	<u>2,587,022</u>	<u>4,653,949</u>
<b><u>Program Expenses:</u></b>				
General Government	318,010	----	318,010	343,316
Public Safety				
Police Department	489,932	----	489,932	640,453
Fire Department	488,125	----	488,125	647,160
Streets, Drainage, & Recreation	191,283	----	191,283	254,541
Water	----	470,168	470,168	579,584
Sewer	----	256,100	256,100	247,578
Interest on Long-Term Debt	25,871	----	25,871	36,953
Total Expenses	<u>1,513,221</u>	<u>726,268</u>	<u>2,239,489</u>	<u>2,749,585</u>
Increase (Decrease) in Net Position Before Transfers	(146,100)	493,633	347,533	1,904,364

# **TOWN OF NEW LLANO**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2018**

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017
	Governmental Activities	Business-Type Activities	Total	
Transfers	161,579	(161,579)	----	----
Change in Net Position	15,479	332,054	347,533	1,904,364
Net Position Beginning	3,271,589	5,581,908	8,853,497	6,949,133
Net Position Ending	<u>\$ 3,287,068</u>	<u>\$ 5,913,962</u>	<u>\$ 9,201,030</u>	<u>\$ 8,853,497</u>

Governmental activities before transfers experienced a decrease of \$146,100. This decrease is due to recording of depreciation on the government wide assets.

Business-type activities before transfers experienced an increase of \$493,633. This increase is due to the Town receiving funds 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 \$391,112 which represents an increase of \$140,324 in comparison to the previous balance. This increase is due to the transfer of excess resources from other funds.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **General Fund Budget Highlights**

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

### **Capital Asset Administration**

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

- Finished the work on the new water wells for the Town.
- Finished the work 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, 2018**

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### **Debt Administration**

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

# **TOWN OF NEW LLANO**

## **STATEMENT OF NET POSITION**

**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 109,262	\$ 83,804	\$ 193,066
Receivables (net)	81,592	100,636	182,228
Restricted assets:			
Cash and cash equivalents	243,867	322,881	566,748
Capital assets			
Non depreciable capital assets			
Land	279,284	28,835	308,119
Construction in Process	112,272	-	112,272
Depreciable capital assets, net	<u>3,912,596</u>	<u>7,300,439</u>	<u>11,213,035</u>
<b>Total assets</b>	<u>4,738,873</u>	<u>7,836,595</u>	<u>12,575,468</u>
<b><u>DEFERRED OUTFLOWS</u></b>			
Pension funding deferrals	<u>201,007</u>	<u>63,777</u>	<u>264,784</u>
<b>Total deferred outflows</b>	<u>201,007</u>	<u>63,777</u>	<u>264,784</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	44,862	26,540	71,402
Interfund payable	(1,253)	1,253	-
Accrued interest payable from restricted assets	8,173	9,178	17,351
Deposits due others	-	106,046	106,046
Long-term liabilities			
Long-term debt			
Due within one year	75,000	113,000	188,000
Due in more than one year	769,000	1,568,619	2,337,619
Aggregate Net Pension Liability	<u>631,390</u>	<u>154,334</u>	<u>785,724</u>
<b>Total liabilities</b>	<u>1,527,172</u>	<u>1,978,970</u>	<u>3,506,142</u>
<b><u>DEFERRED INFLOWS</u></b>			
Pension funding deferrals	<u>125,640</u>	<u>7,440</u>	<u>133,080</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	3,451,979	5,638,477	9,090,456
Restricted:			
Debt Service	243,867	322,881	566,748
Unrestricted	<u>(408,778)</u>	<u>(47,396)</u>	<u>(456,174)</u>
<b>Total net position (deficit)</b>	<u>\$ 3,287,068</u>	<u>\$ 5,913,962</u>	<u>\$ 9,201,030</u>

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

# **TOWN OF NEW LLANO**

## **STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Total
<b><u>Governmental Activities:</u></b>					
General Government	\$ 318,010	\$ -	\$ -	\$ -	\$ (318,010)
Public Safety					
Police Department	489,932	338,194	19,270	-	(132,468)
Fire Department	488,125	-	64,986	-	(423,139)
Streets, Drainage, & Recreation	191,283	-	-	-	(191,283)
Interest on Long-Term Debt	25,871	-	-	-	(25,871)
Total Governmental Activities	<u>1,513,221</u>	<u>338,194</u>	<u>84,256</u>	<u>-</u>	<u>(1,090,771)</u>
<b><u>Business-Type Activities:</u></b>					
Water System	470,168	607,873	-	226,453	364,158
Sewer System	256,100	359,154	-	-	103,054
Total Business-Type Activities	<u>726,268</u>	<u>967,027</u>	<u>-</u>	<u>226,453</u>	<u>467,212</u>
Total Primary Government	<u>\$ 2,239,489</u>	<u>\$ 1,305,221</u>	<u>\$ 84,256</u>	<u>\$ 226,453</u>	<u>(623,559)</u>

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

# **TOWN OF NEW LLANO**

## **STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (1,090,771)	\$ 467,212	\$ (623,559)
<b>General Revenues:</b>			
Taxes:			
Sales	477,481	-	477,481
Ad Valorem	121,580	26,207	147,787
Other	57,056	-	57,056
Licenses & Permits:			
Franchise Fees	153,836	-	153,836
Occupational Licenses	70,609	-	70,609
Other Licenses	23,680	-	23,680
Rental and Lease	-	-	-
Other	40,429	214	40,643
Transfers	161,579	(161,579)	-
Total General Revenues and Transfers	1,106,250	(135,158)	971,092
Change in Net Position	15,479	332,054	347,533
Net Position - Beginning	3,271,589	5,581,908	8,853,497
Net Position Ending	\$ 3,287,068	\$ 5,913,962	\$ 9,201,030

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

# **TOWN OF NEW LLANO**

## **BALANCE SHEET GOVERNMENTAL FUNDS**

**June 30, 2018**

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash & cash equivalents	\$ 66,939	\$ 42,323	\$ 109,262
Receivables (net)	81,592	-	81,592
Interfund Receivables	-	1,753	1,753
Restricted Assets			
Cash and Cash Equivalents	-	243,867	243,867
<b>Total assets</b>	<u>\$ 148,531</u>	<u>\$ 287,943</u>	<u>\$ 436,474</u>
<b>Liabilities and Fund Balance</b>			
<b><u>Liabilities</u></b>			
Accounts and other payables	\$ 44,862	\$ -	\$ 44,862
Interfund Payable	-	500	500
<b>Total liabilities</b>	<u>44,862</u>	<u>500</u>	<u>45,362</u>
<b><u>Fund Balance</u></b>			
Restricted			
Debt Service	-	243,867	243,867
Assigned to Debt Service	-	41,703	41,703
Unassigned	103,669	1,873	105,542
<b>Total Fund Balances</b>	<u>103,669</u>	<u>287,443</u>	<u>391,112</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 148,531</u>	<u>\$ 287,943</u>	<u>\$ 436,474</u>

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

# **TOWN OF NEW LLANO**

## ***Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position June 30, 2018***

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Total Fund Balances - Governmental Funds	\$ 391,112
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.	4,304,152
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(852,173)
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>(556,023)</u>
Net Position of Governmental Activities	<u>\$ 3,287,068</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, 2018**

	General	Non-Major Fund	Total Governmental Funds
<b><u>Revenues:</u></b>			
Taxes			
Ad Valorem	\$ 52,787	\$ 68,793	\$ 121,580
Sales	477,481	-	477,481
License and permits			
Occupational Licenses	70,609	-	70,609
Franchise	153,836	-	153,836
Other	23,680	-	23,680
Intergovernmental	154,292	-	154,292
Fines and fees	338,194	-	338,194
Miscellaneous	27,194	255	27,449
<b>Total revenues</b>	<b>1,298,073</b>	<b>69,048</b>	<b>1,367,121</b>
<b><u>Expenditures:</u></b>			
Current			
General Government	272,666	-	272,666
Public Safety			
Police Department	436,031	-	436,031
Fire Department	436,983	-	436,983
Streets, Drainage, & Recreation	78,203	-	78,203
Capital Expenditures	63,875	-	63,875
Debt Service	-	100,618	100,618
<b>Total expenditures</b>	<b>1,287,758</b>	<b>100,618</b>	<b>1,388,376</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>10,315</b>	<b>(31,570)</b>	<b>(21,255)</b>
<b>Other sources (uses)</b>			
Operating transfers in (out)	106,519	55,060	161,579
<b>Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses</b>	<b>116,834</b>	<b>23,490</b>	<b>140,324</b>
<b>Fund balance - beginning of year</b>	<b>(13,165)</b>	<b>263,953</b>	<b>250,788</b>
<b>Fund balance - end of year</b>	<b>\$ 103,669</b>	<b>\$ 287,443</b>	<b>\$ 391,112</b>

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, 2018***

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Net change in fund balances of Governmental Funds		\$	140,324
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period			
Other Depreciable Assets	47,360		
Depreciation expense reported on a government-wide basis	<u>(159,576)</u>	(112,216)	
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.			74,747
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			<u>(87,376)</u>
Change in net position of governmental activities		\$	<u>15,479</u>

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

# **TOWN OF NEW LLANO**

## **Statement of Net Position**

### **Proprietary Funds**

**June 30, 2018**

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 81,269	\$ 2,535	\$ 83,804
Receivables (net)	61,394	39,242	100,636
Interfund Receivable	500	-	500
<b>Total current assets</b>	<b>143,163</b>	<b>41,777</b>	<b>184,940</b>
Restricted Assets:			
Cash and cash equivalents	153,611	169,270	322,881
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	-	28,835	28,835
Depreciable capital assets, net	3,807,387	3,493,052	7,300,439
<b>Total assets</b>	<b>4,104,161</b>	<b>3,732,934</b>	<b>7,837,095</b>
<b>DEFERRED OUTFLOWS:</b>			
Pension funding deferrals	52,045	11,732	63,777
<b>Total deferred outflows</b>	<b>52,045</b>	<b>11,732</b>	<b>63,777</b>

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

# **TOWN OF NEW LLANO**

## **Statement of Net Position**

### **Proprietary Funds**

**June 30, 2018**

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<b><u>LIABILITIES:</u></b>			
<b>Current Liabilities:</b>			
Accounts & other payables	22,508	4,032	26,540
Deposits due others	106,046	-	106,046
Interfund Payable	1,753	-	1,753
<b>Total current liabilities</b>	<b>130,307</b>	<b>4,032</b>	<b>134,339</b>
<b>Liabilities Payable From Restricted Assets:</b>			
Accrued interest payable from restricted assets	-	9,178	9,178
Current portion of long-term debt	38,000	75,000	113,000
<b>Noncurrent Liabilities:</b>			
Long-term debt	834,619	734,000	1,568,619
Aggregate Net Pension Liability	151,583	2,751	154,334
<b>Total liabilities</b>	<b>1,154,509</b>	<b>824,961</b>	<b>1,979,470</b>
<b><u>DEFERRED INFLOWS:</u></b>			
Pension funding deferrals	6,070	1,370	7,440
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	2,934,768	2,703,709	5,638,477
<b>Restricted:</b>			
Debt Service	153,611	169,270	322,881
Unrestricted	(92,752)	45,356	(47,396)
<b>Total net position (deficit)</b>	<b>\$ 2,995,627</b>	<b>\$ 2,918,335</b>	<b>\$ 5,913,962</b>

*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, 2018**

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<b><u>Operating Revenues:</u></b>			
Charges for services	\$ 550,491	\$ 359,154	\$ 909,645
Other	57,382	-	57,382
<b>Total operating revenues</b>	<u>607,873</u>	<u>359,154</u>	<u>967,027</u>
<b><u>Operating Expenses:</u></b>			
Water purchases	47,585	-	47,585
Salaries and wages	137,424	29,783	167,207
Materials, supplies, and maintenance	20,024	64,694	84,718
Office operations	53,111	-	53,111
Payroll taxes and expenses	35,109	5,297	40,406
Vehicle and travel	14,243	4,660	18,903
Professional Fees	2,535	-	2,535
Insurance	44,828	1,856	46,684
Miscellaneous	24,052	710	24,762
Utilities and telephone	23,752	27,188	50,940
Depreciation	41,294	99,200	140,494
<b>Total operating expenses</b>	<u>443,957</u>	<u>233,388</u>	<u>677,345</u>
<b>Operating Income (Loss)</b>	163,916	125,766	289,682
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Advalorem Taxes	-	26,207	26,207
Interest income	214	-	214
Interest expense	(26,211)	(22,712)	(48,923)
<b>Change in Net Position Before Capital Grants &amp; Transfers</b>	137,919	129,261	267,180
<b><u>Capital Grants &amp; Transfers</u></b>			
Capital Grants	226,453	-	226,453
Transfers in (out)	(70,431)	(91,148)	(161,579)
<b>Change in Net Position</b>	293,941	38,113	332,054
<b>Total Net Position - Beginning</b>	<u>2,701,686</u>	<u>2,880,222</u>	<u>5,581,908</u>
<b>Total Net Position - Ending</b>	<u>\$ 2,995,627</u>	<u>\$ 2,918,335</u>	<u>\$ 5,913,962</u>

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

# **TOWN OF NEW LLANO**

## **Statement of Cash Flows**

### **Proprietary Funds**

**Year Ended June 30, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b><u>Cash flow from operating activities:</u></b>			
Cash received from customers	\$ 621,001	\$ 359,087	\$ 980,088
Cash payments to suppliers of goods and services	(297,784)	(115,889)	(413,673)
Cash payments to employees for services	(137,484)	(29,783)	(167,267)
<b>Net cash provided (used) by operating activities</b>	<b>185,733</b>	<b>213,415</b>	<b>399,148</b>
<b><u>Cash flows from non-capital financing activities:</u></b>			
Advalorem taxes	-	26,207	26,207
Operating transfers in (out)	(70,431)	(91,148)	(161,579)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(70,431)</b>	<b>(64,941)</b>	<b>(135,372)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Capital Expenditures	(1,103,040)	(101,047)	(1,204,087)
Capital Grant Proceeds	874,016	23,722	897,737
Proceeds from Debt Issued	181,527	-	181,527
Principal paid on capital debt	(26,211)	(73,000)	(99,211)
Interest paid on capital debt	(87,000)	(22,712)	(109,712)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(160,709)</b>	<b>(173,037)</b>	<b>(333,746)</b>
<b><u>Cash flows from investing activities:</u></b>			
Interest and other income	214	-	214
<b>Net cash provided (used) by investing activities</b>	<b>214</b>	<b>-</b>	<b>214</b>
<b>Net increase (decrease) in cash</b>	<b>(45,193)</b>	<b>(24,563)</b>	<b>(69,756)</b>
<b>Beginning cash balance</b>	<b>280,073</b>	<b>196,369</b>	<b>476,442</b>
<b>Ending cash balance</b>	<b>234,880</b>	<b>171,805</b>	<b>406,685</b>
<b>Restricted cash</b>	<b>153,611</b>	<b>169,270</b>	<b>322,881</b>
<b>Cash and cash equivalents</b>	<b>\$ 81,269</b>	<b>\$ 2,535</b>	<b>\$ 83,804</b>

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

Continued...

# **TOWN OF NEW LLANO**

## **Statement of Cash Flows (Continued)**

### **Proprietary Funds**

**Year Ended June 30, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b><u>Reconciliation of operating income (loss)</u></b>			
<b><u>to net cash provided (used) by operating</u></b>			
<b><u>activities</u></b>			
Operating income (loss)	\$ 163,916	\$ 125,766	\$ 289,682
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	41,294	99,200	140,494
(Increase) decrease in accounts receivable	1,278	(67)	1,211
(Decrease) increase in operating accounts payable	(48,812)	(6,515)	(55,327)
(Decrease) increase in customer deposits	11,850	-	11,850
(Decrease) increase in accrued salaries	(60)	-	(60)
(Decrease) increase in net pension liabilities	16,267	(4,969)	11,298
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 185,733</u></b>	<b><u>\$ 213,415</u></b>	<b><u>\$ 399,148</u></b>

**Supplemental Disclosure of Cash Flow Information:**

During the year ended June 30, 2018, 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, 2018***

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### **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, 2018***

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Based upon the above criteria, the Town of New Llano has no component units for the year ended June 30, 2018.

### **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.

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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### **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:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
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, 2018***

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### **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, 2018**

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### **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, 2018, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 353,029	\$ 406,685	\$ 759,714
Petty Cash	100	----	100
Total Cash	353,129	406,685	759,814
Restricted Cash	243,867	322,881	566,748
Cash and Cash Equivalents	<u>\$ 109,262</u>	<u>\$ 83,804</u>	<u>\$ 193,066</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, 2018***

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bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2018, the Town has \$759,814 in deposits (\$827,632 collected bank balance). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,266,026 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, 2018, the Town has levied ad valorem taxes as follows:

<b><u>Description</u></b>	<b><u>Mills Levied</u></b>
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, 2018**

### **NOTE 4 - RECEIVABLES**

The receivables at June 30, 2018, are as follows:

<u>Governmental Activities</u>			
	<u>General Fund</u>		
<u>Accounts Receivable</u>			
Franchise Fees	\$	22,764	
Sales Taxes		57,408	
Other		1,420	
Total Receivables		81,592	
Allowance for Doubtful Accounts		----	
Receivables, net of allowance	\$	81,592	

<u>Business-Type Activities</u>			
<u>Accounts Receivable</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Utility Customers	\$ 64,361	\$ 41,224	\$ 105,585
Allowance for Doubtful Accounts	(2,967)	(1,982)	(4,949)
Total Utility Customer Receivables	\$ 61,394	\$ 39,242	\$ 100,636

### **NOTE 5 – CAPTIAL ASSETS**

A summary of the property and equipment at June 30, 2018, consists of the following:

	<u>Non Depreciable Capital Assets</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Land	\$ 254,990	\$ 24,294	\$ ---	\$ 279,284
Construction in progress	89,206	39,581	16,515	112,272
Total Governmental Activities	\$ 344,196	\$ 63,875	\$ 16,515	\$ 391,556
<b><u>Business-Type Activities</u></b>				
Construction in Process - Water	\$ 2,393,851	\$ ---	\$ 2,393,851	\$ ---
Construction in Process - Sewer	1,632,709	---	1,632,709	---
Total Construction in Process	4,026,560	---	4,026,560	---
Land – Sewer System	28,835	---	---	28,835
Total Business-Type Activities	\$ 4,055,395	\$ ---	\$ 4,026,560	\$ 28,835

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements June 30, 2018**

	<b>Capital Assets Being Depreciated</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	
<b><u>Governmental Activities</u></b>				
Buildings	\$ 1,479,210	\$ ---	\$ ---	\$ 1,479,210
Infrastructure	1,703,006	---	---	1,703,006
Improvements	2,055,347	---	---	2,055,347
Vehicles & Equipment	966,614	---	---	966,614
Total	6,204,177	---	---	6,204,177
Less Accumulated Depreciation	(2,132,005)	(159,576)	---	(2,291,581)
Total Governmental Activities	<u>\$ 4,072,172</u>	<u>\$ 400,476</u>	<u>\$ ---</u>	<u>\$ 3,912,596</u>
<b><u>Business-Type Activities</u></b>				
<b>Water System</b>				
Water Distribution System	\$ 1,358,607	\$ 2,801,520	\$ ---	\$ 4,160,127
Vehicles & Equipment	129,929	15,802	---	145,731
Accumulated Depreciation	(457,177)	(41,294)	---	(498,471)
Total Water System	<u>1,031,359</u>	<u>2,776,028</u>	<u>---</u>	<u>3,807,387</u>
<b>Sewer System</b>				
Sewer Distribution System	3,095,546	1,638,118	---	4,733,664
Vehicles & Equipment	160,837	---	---	160,837
Accumulated Depreciation	(1,302,249)	(99,200)	---	(1,401,449)
Total Net of Depreciation	<u>1,954,134</u>	<u>1,538,918</u>	<u>---</u>	<u>3,493,052</u>
Total Business-Type	<u>\$ 2,985,493</u>	<u>\$ 4,315,946</u>	<u>\$ ---</u>	<u>\$ 7,300,439</u>

Depreciation expense reported by various functions is presented as follows:

<b><u>Governmental Activities:</u></b>	
General Government	\$ 37,039
Police Department	15,400
Fire Department	10,572
Streets, Drainage, & Recreation	96,565
Total Depreciation – Governmental Activities	<u>\$ 159,576</u>
<b><u>Business-Type Activities:</u></b>	
Water	\$ 41,294
Sewer	99,200
Total Depreciation – Business-Type Activities	<u>\$ 140,494</u>

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

### **NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The following is a summary of payables at June 30, 2018:

<u>Governmental Activities</u>				
		<u>General Fund</u>		
Payable to Vendors		\$	20,735	
Salaries Payable			19,050	
Other			5,077	
Total		\$	<u>44,862</u>	

<u>Business-Type Activities</u>			
	<u>Water System</u>	<u>Wastewater System</u>	<u>Total</u>
Payable to Vendors	\$ 10,446	\$ 4,032	\$ 14,478
Other	12,062	----	12,062
Total Business-Type	<u>\$ 22,508</u>	<u>\$ 4,032</u>	<u>\$ 26,540</u>

### **NOTE 7 – LONG TERM DEBT**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue Bonds	\$ ----	\$ 1,506,619	\$ 1,506,619
Capital Lease	----	----	----
Certificate of Indebtedness	388,000	----	388,000
General Obligation Bonds	456,000	175,000	631,000
Total Long-term Debt	<u>844,000</u>	<u>1,681,619</u>	<u>2,525,619</u>
Due Within One Year	(75,000)	(113,000)	(188,000)
Due in More Than One Year	<u>\$ 769,000</u>	<u>\$ 1,568,619</u>	<u>\$ 2,337,619</u>

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

Changes in the Town's long-term debt activity for the year ended June 30, 2018, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Certificate of Indebtedness	\$ 421,000	\$ ----	\$ 33,000	\$ 388,000
General Obligation Bonds	493,000	----	37,000	456,000
Total Governmental Activities	<u>\$ 914,000</u>	<u>\$ ----</u>	<u>\$ 71,000</u>	<u>\$ 844,000</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities:</u></b>				
<b><u>Water System</u></b>				
Water Revenue Bonds	\$ 54,000	\$ ----	\$ 54,000	\$ ----
Revenue Bonds	724,092	181,527	33,000	872,619
Total Water System	<u>778,092</u>	<u>181,527</u>	<u>87,000</u>	<u>872,619</u>
<b><u>Sewer System</u></b>				
Sewer Revenue Bonds	692,000	----	58,000	634,000
General Obligation Bonds	190,000	----	15,000	175,000
Total Sewer System	<u>882,000</u>	<u>----</u>	<u>73,000</u>	<u>809,000</u>
Total Business-Type Activities	<u>\$ 1,660,092</u>	<u>\$ 181,527</u>	<u>\$ 160,000</u>	<u>\$ 1,681,619</u>

### **Revenue Bonds**

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

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

\$ 872,619

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

634,000

Total Revenue Bonds

\$ 1,506,619

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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### **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, 2018 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. \$ 388,000

### **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, 2018 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 1<sup>st</sup> 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. \$ 456,000

\$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 1<sup>st</sup> 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. 175,000

Total General Obligation Bonds \$ 631,000

### **Annual Requirements to Retire Debt Obligations**

The annual aggregate maturities for the years subsequent to June 30, 2018, are as follows:

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements June 30, 2018**

### **Governmental Activities:**

	<b>Principal Installments</b>			
	<u>Certificates of Indebtedness</u>	<u>General Obligations</u>	<u>Total</u>	<u>Interest</u>
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	43,000	50,000	93,000	22,568
2024-2028	193,000	231,000	424,000	46,013
Total Governmental	<u>\$ 388,000</u>	<u>\$ 456,000</u>	<u>\$ 844,000</u>	<u>\$ 195,381</u>

### **Business-type Activities**

	<b>Principal Installments</b>				
	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer General Obligations</u>	<u>Total</u>	<u>Interest</u>
2019	\$ 38,000	\$ 58,000	\$ 16,000	\$ 112,000	\$ 56,376
2020	40,000	59,000	16,000	115,000	52,486
2021	41,000	59,000	17,000	117,000	49,620
2022	43,000	60,000	18,000	121,000	46,333
2023	44,000	62,000	19,000	125,000	42,535
2024-2028	244,000	336,000	89,000	669,000	143,046
2029-2033	290,000	----	----	290,000	52,928
2034-2038	132,619	----	----	132,619	6,724
Total Business-Type	<u>\$ 872,619</u>	<u>\$ 634,000</u>	<u>\$ 175,000</u>	<u>\$ 1,681,619</u>	<u>\$ 450,048</u>

Total interest charged to expense for the year ended June 30, 2018 is \$48,923 for business type activities and \$30,618 for governmental activities.

### **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.

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

### **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	\$ 296,546	\$ 109,771	\$ 12,805
Firefighters' Retirement System of Louisiana	82,986	29,896	23,337
Municipal Police Employees' Retirement System of Louisiana	406,192	125,117	96,938
Total	785,724	264,784	133,080
Portion Applicable to Governmental Activities	631,390	201,007	125,640
Portion Applicable to Business-Type Activities	\$ 154,334	\$ 63,777	\$ 7,440

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

#### **Municipal Employees' Retirement System of Louisiana:**

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

**Funding Policy** - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of New Llano is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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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](http://mersla.com). The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 236,991,237
Plan Fiduciary Net Position	<u>150,467,958</u>
Net Pension Liability	86,523,279
Town's Proportionate Share (Percentage)	0.341526 %
Town's Proportionate Share (Amount)	<u>\$ 296,546</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, 2017 are provided as follows:

Beginning Net Pension Liability	\$ 290,145
Employer Contributions	(27,962)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	60,196
Changes in Benefit Terms	1,963
Employee Contributions	<u>(8,503)</u>
Changes in Deferred Outflows of Resources	(15,807)
Changes in Deferred Inflows of Resources	<u>(5,171)</u>
Ending Net Pension Liability	<u>\$ 296,546</u>

There were no changes between June 30, 2018 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, 2018**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Differences Between Expected and Actual Experience	\$ 62,260	\$ 6,415	\$ 55,845
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	1,548	----	1,548
Changes of Assumptions	13,011	----	13,011
Changes in Proportion	3,716	6,390	(2,674)
Employer Contributions Made After the Measurement Date	29,236	----	29,236
Total Deferrals	<u>109,771</u>	<u>12,805</u>	<u>96,966</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(29,236)</u>	<u>----</u>	<u>(29,236)</u>
Deferrals Subject to Amortization	<u>\$ 80,535</u>	<u>\$ 12,805</u>	<u>\$ 67,730</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	\$ 28,975
June 30, 2019	23,592
June 30, 2020	12,363
June 30, 2021	<u>2,800</u>
Total	<u>\$ 67,730</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, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.400%
Projected Salary Increases	5.00% (2.775% Inflation, 2.225% 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

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

### 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, 2017 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%	2.3%
Public Fixed Income	35.0%	1.6%
Alternatives	15.0%	0.7%
Totals	<u>100.00%</u>	<u>4.6%</u>
Inflation		<u>2.6%</u>
Expected Arithmetic Nominal Return		<u>7.2%</u>

The discount rate used to measure the total pension liability was 7.4%. 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 6.4% Discount Rate</u>	<u>Current Discount Rate 7.4%</u>	<u>1% Increase 8.4% Discount</u>
Net Pension Liability	\$ 382,343	\$ 296,546	\$ 221,390

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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### **Municipal Police Employees' Retirement System of Louisiana**

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

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

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

**Financial Summary** – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,918,064,612
Plan Fiduciary Net Position	2,045,022,309
Net Pension Liability	<u>873,042,303</u>
Town's Proportionate Share (Percentage)	<u>0.046526%</u>
Town's Proportionate Share (Amount)	<u>\$ 406,192</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, 2017 are provided as follows:

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

Beginning Net Pension Liability		\$ 589,849
Employer Contributions		(44,129)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	58,241	
Changes in Proportion	44,936	
Employee Contributions	(8,882)	94,295
Changes in Deferred Outflows of Resources		(146,304)
Changes in Deferred Inflows of Resources		(87,519)
Ending Net Pension Liability		<u>\$ 406,192</u>

There were no changes between June 30, 2018 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Differences Between Expected and Actual Experience	\$ 2,660	\$ 3,122	\$ (462)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	17,782	----	17,782
Changes of Assumptions	28,903	----	28,903
Changes in Proportion	57,268	93,816	(36,548)
Employer Contributions Made After the Measurement Date	18,504	----	18,504
Total Deferrals	125,117	96,938	28,179
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(18,504)	----	(18,504)
Deferrals Subject to Amortization	<u>\$ 106,613</u>	<u>\$ 96,938</u>	<u>\$ 9,675</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	\$ 32,578
June 30, 2019	3,398
June 30, 2020	(16,772)
June 30, 2021	(9,529)
Total	<u>\$ 9,675</u>

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements June 30, 2018**

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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, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.325% net of investment expense	
Expected Remaining Service Lives	2017 - 4 Years	
Inflation Rate	2.70 % 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%
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.	

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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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, 2017 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%	3.66%
Fixed Income	21.00%	0.52%
Alternatives	20.00%	1.10%
Other	6.00%	0.16%
Totals	<u>100.00%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. 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 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:

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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	1% Decrease 6.3% Discount Rate	Current Discount Rate 7.3%	1% Increase 8.3 % Discount
Net Pension Liability	\$ 561,193	\$ 406,192	\$ 276,157

### **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<sup>1/3</sup> percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

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

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

**Financial Summary** – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at [lafirefightersret.com](http://lafirefightersret.com). The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements June 30, 2018**

Total Pension Liability	\$ 2,166,881,556
Plan Fiduciary Net Position	1,593,696,648
Net Pension Liability	<u>573,184,908</u>
Town's Proportionate Share (Percentage)	0.014478%
Town's Proportionate Share (Amount)	<u>\$ 82,986</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, 2017 are provided as follows:

Beginning Net Pension Liability		\$ 92,574
Employer Contributions		(8,555)
<b>Pension Expense</b>		
Proportionate Share of Plan Pension Expense	12,231	
Employee Contributions	<u>(3,664)</u>	8,567
Changes in Deferred Outflows of Resources		(13,438)
Changes in Deferred Inflows of Resources		<u>3,838</u>
Ending Net Pension Liability		<u>\$ 82,986</u>

There were no changes between June 30, 2018 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Differences Between Expected and Actual Experience	\$ ----	\$ 4,628	\$ (4,628)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	7,139	---	7,139
Changes of Assumptions	3,471	20	3,451
Changes in Proportion	11,213	18,689	(7,476)
Employer Contributions Made After the Measurement Date	<u>8,073</u>	----	<u>8,073</u>
Total Deferrals	29,896	23,337	6,559
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(8,073)</u>	----	<u>(8,073)</u>
Deferrals Subject to Amortization	<u>\$ 21,823</u>	<u>\$ 23,337</u>	<u>\$ (1,514)</u>

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

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

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<u>For the Year Ending:</u>	
June 30, 2018	\$ 766
June 30, 2019	2,196
June 30, 2020	(969)
June 30, 2021	(2,089)
June 30, 2022	(1,853)
Thereafter	435
Total	<u>\$ (1,514)</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, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.4% per annum
Inflation Rate	2.775 % 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

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 8.29% as of June 30, 2017.

Best estimates of real rates of return for each major asset class included in the FRS target asset allocation as of June 30, 2017, 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>
U. S. Equity	27.00%	6.15%
Non- U.S. Equity	20.00%	7.45%
Global Equity	10.00%	6.85%
Fixed Income	23.00%	2.04%

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements**

**June 30, 2018**

Real Estate	6.00%	4.62%
Private Equity	4.00%	8.73%
Global Tactical Asset Alloc.	5.00%	4.40%
Risk Parity	5.00%	4.79%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.4%. 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:

	1% Decrease Discount Rate 6.4%	Current Discount Rate 7.4%	1% Increase Discount 8.4%
Net Pension Liability	\$ 119,247	\$ 82,986	\$ 52,503

### **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:

# **TOWN OF NEW LLANO**

## **Notes To Financial Statements June 30, 2018**

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

	Operating Transfers In	Operating Transfers Out	Net
<b><u>Governmental Funds</u></b>			
General Fund	\$ 106,579	\$ ----	\$ 106,579
Non-Major	55,000	----	55,000
Total Governmental Funds	<u>161,579</u>	<u>----</u>	<u>161,579</u>
<b><u>Business Type Funds</u></b>			
Water System	----	70,431	(70,431)
Sewer System	----	91,148	(91,148)
Total Business Type Funds	<u>----</u>	<u>161,579</u>	<u>(161,579)</u>
Total	<u>\$ 161,579</u>	<u>\$ 161,579</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, 2018, 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.

# **TOWN OF NEW LLANO**

## ***Notes To Financial Statements***

***June 30, 2018***

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### **Grant Compliance**

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

### **NOTE 14 – ON BEHALF PAYMENTS**

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

Police Department	\$ 19,270
Fire Department	<u>37,111</u>
Total	<u>\$ 56,381</u>

# **TOWN OF NEW LLANO**

## **General Fund**

### **Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2018**

**Continued**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes</b>				
Ad Valorem	\$ 50,000	\$ 52,826	\$ 52,787	\$ (39)
Sales	380,000	466,000	477,481	11,481
<b>License and permits</b>				
Occupational Licenses	95,000	88,800	70,609	(18,191)
Franchise	123,000	148,680	153,836	5,156
Other	30,000	23,000	23,680	680
Intergovernmental	85,000	126,245	154,292	28,047
Fines and fees	600,000	322,192	338,194	16,002
Miscellaneous	30,300	29,160	27,194	(1,966)
<b>Total revenues</b>	<b>1,393,300</b>	<b>1,256,903</b>	<b>1,298,073</b>	<b>41,170</b>
<b>General Government:</b>				
Salary - mayor and aldermen	41,000	43,500	43,350	150
Salaries - other	45,000	51,600	50,444	1,156
Office operations	20,000	31,200	35,714	(4,514)
Payroll taxes and expenses	9,600	10,452	7,168	3,284
Insurance	43,800	76,473	27,969	48,504
Professional fees	30,000	53,440	40,549	12,891
Miscellaneous	30,000	32,839	19,115	13,724
Utilities and telephone	8,000	7,980	9,666	(1,686)
<b>Magistrate</b>				
Salaries	60,000	31,047	29,010	2,037
Payroll taxes and expenses	9,900	5,475	5,408	67
Insurance	7,800	4,835	3,851	984
Other	12,500	6,116	422	5,694
<b>Total general government</b>	<b>317,600</b>	<b>354,957</b>	<b>272,666</b>	<b>82,291</b>
<b>Public Safety:</b>				
<b>Police</b>				
Salaries	280,200	196,307	192,130	4,177
Payroll taxes	21,600	13,620	15,113	(1,493)
Retirement	18,480	24,000	23,262	738
Mayors court	30,000	46,020	48,094	(2,074)
Office operations	86,400	24,000	24,404	(404)
Vehicle operations	37,200	30,722	19,580	11,142
Insurance	73,200	75,114	63,444	11,670
Prisoner expense	-	6,720	6,089	631
Prosecutor Expense	15,600	15,600	15,600	-
Utilities	15,600	7,920	4,381	3,539
Pretrial Intervention	-	-	-	-
Indigent Defender	-	7,200	12,954	(5,754)
Miscellaneous	67,920	5,500	10,980	(5,480)
<b>Police total</b>	<b>646,200</b>	<b>452,723</b>	<b>436,031</b>	<b>16,692</b>

# **TOWN OF NEW LLANO**

## **General Fund**

### **Statement of Revenues, Expenditures, and Changes in Fund Balances**

#### **Budget and Actual - Year Ended June 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Public Safety: (continued)</u></b>				
<b>Total Police</b>	<u>646,200</u>	<u>452,723</u>	<u>436,031</u>	<u>16,692</u>
<b>Fire</b>				
Salaries	291,600	347,629	311,431	36,198
Payroll taxes	22,800	23,640	26,083	(2,443)
Retirement	7,200	7,560	7,756	(196)
Insurance	30,000	58,152	38,567	19,585
Office Operations	25,000	19,000	34,886	(15,886)
Fuel	-	4,312	-	4,312
Vehicles Expenses	59,000	300	-	300
Utilities	16,000	11,023	8,135	2,888
Miscellaneous	-	60,862	10,125	50,737
<b>Total Fire</b>	<u>451,600</u>	<u>532,478</u>	<u>436,983</u>	<u>95,495</u>
<b>Total public safety</b>	<u>1,097,800</u>	<u>985,201</u>	<u>873,014</u>	<u>112,187</u>
<b><u>Streets, Drainage, &amp; Recreation</u></b>				
Salaries	34,800	18,000	16,946	1,054
Payroll taxes and expenses	7,440	3,780	1,364	2,416
Utilities	35,000	42,000	29,441	12,559
Insurance	15,550	9,610	7,948	1,662
Contract Labor/R&M	30,000	600	1,856	(1,256)
Miscellaneous	9,000	600	2,786	(2,186)
Recreation	15,000	7,474	17,862	(10,388)
<b>Total streets, drainage, &amp; recreation</b>	<u>146,790</u>	<u>82,064</u>	<u>78,203</u>	<u>3,861</u>
<b>Capital Expenditures</b>	<u>50,000</u>	<u>-</u>	<u>63,875</u>	<u>(63,875)</u>
<b>Debt Service</b>	<u>12,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,624,650</u>	<u>1,422,222</u>	<u>1,287,758</u>	<u>134,464</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(231,350)</u>	<u>(165,319)</u>	<u>10,315</u>	<u>175,634</u>
<b>Other sources (uses)</b>				
Operating transfers in (out)	<u>250,000</u>	<u>179,171</u>	<u>106,519</u>	<u>(72,652)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>18,650</u>	<u>13,852</u>	<u>116,834</u>	<u>102,982</u>
<b>Fund balance - beginning of year</b>	<u>4,305</u>	<u>(13,165)</u>	<u>(13,165)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 22,955</u>	<u>\$ 687</u>	<u>\$ 103,669</u>	<u>\$ 102,982</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			
<b>Municipal Employees' Retirement System</b>					
June 30, 2015	0.3594%	244,238	225,063	108.5%	76.9%
June 30, 2016	0.3508%	290,145	253,497	114.5%	63.3%
June 30, 2017	0.3415%	296,546	220,649	134.4%	63.5%
<b>Firefighters' Retirement System</b>					
June 30, 2015	0.0172%	92,652	28,057	330.2%	72.4%
June 30, 2016	0.0142%	92,574	33,804	273.9%	68.2%
June 30, 2017	0.0145%	82,986	30,466	272.4%	73.5%
<b>Municipal Police Employees' Retirement System</b>					
June 30, 2015	0.0573%	448,541	102,648	437.0%	70.7%
June 30, 2016	0.0629%	589,849	126,521	466.2%	66.0%
June 30, 2017	0.0465%	406,192	60,176	675.0%	70.1%

**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
<b>Municipal Employees' Retirement System</b>					
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%
June 30, 2017	29,236	25,221	4,015	220,649	11.43%
<b>Firefighters's Retirement System</b>					
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%
June 30, 2017	8,073	8,555	(482)	30,466	28.08%
<b>Municipal Police Employees' Retirement System</b>					
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%
June 30, 2017	18,504	44,129	(25,625)	60,176	73.33%

**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, 2018**

	Debt Service			
	LCDBG	Town Hall Sinking Fund	Series 2007A	Non-Major Funds
<b>Assets</b>				
Cash & cash equivalents	\$ 620	\$ 41,703	\$ -	\$ 42,323
Interfund Receivables	-	-	1,753	1,753
Restricted Cash	-	-	243,867	243,867
<b>Total assets</b>	<b>\$ 620</b>	<b>\$ 41,703</b>	<b>\$ 245,620</b>	<b>\$ 287,943</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Interfund Payable	\$ 500	\$ -	\$ -	\$ 500
<b>Total liabilities</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>
<b>Fund Balance</b>				
Restricted				
Debt Service	-	-	243,867	243,867
Assigned to Debt Service	-	41,703	-	41,703
Unassigned	120	-	1,753	1,873
<b>Total Fund Balances</b>	<b>120</b>	<b>41,703</b>	<b>245,620</b>	<b>287,443</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 620</b>	<b>\$ 41,703</b>	<b>\$ 245,620</b>	<b>\$ 287,943</b>

# **TOWN OF NEW LLANO**

***Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non Major Governmental Funds  
Year Ended June 30, 2018***

	LCDBG	Debt Service		Non-Major Fund
		Town Hall Sinking Fund	Series 2007A	
<b>Revenues:</b>				
Ad Valorem Taxes	\$ -	\$ -	\$ 68,793	\$ 68,793
Miscellaneous	-	17	238	255
<b>Total revenues</b>	<b>-</b>	<b>17</b>	<b>69,031</b>	<b>69,048</b>
<b>Expenditures:</b>				
Debt Service	-	48,573	52,045	100,618
<b>Total expenditures</b>	<b>-</b>	<b>48,573</b>	<b>52,045</b>	<b>100,618</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(48,556)</b>	<b>16,986</b>	<b>(31,570)</b>
<b>Other sources (uses)</b>				
Operating transfers in (out)	60	55,000	-	55,060
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>60</b>	<b>6,444</b>	<b>16,986</b>	<b>23,490</b>
<b>Fund balance - beginning of year</b>	<b>60</b>	<b>35,259</b>	<b>228,634</b>	<b>263,953</b>
<b>Fund balance - end of year</b>	<b>\$ 120</b>	<b>\$ 41,703</b>	<b>\$ 245,620</b>	<b>\$ 287,443</b>

# **TOWN OF NEW LLANO**

## ***Schedule of Compensation Paid to Board Members Year Ended June 30, 2018***

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Freddie Boswell	\$ 26,000
Carolyn Todd	3,600
Terry Speicher	3,375
Ervin Wilson	3,600
Maurice Johnson	1,125
Charlotte Cooper	3,500
R.J. Fertitta	<u>2,500</u>
Total Compensation	<u>\$ 43,700</u>

# **TOWN OF NEW LLANO**

## ***Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2018***

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### **Agency Head (Mayor) - Freddie Boswell**

**Purpose:**

Compensation	\$	26,000
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Benefits		-
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Reimbursements		328
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# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**M. DALE HARRINGTON, CPA**

**RETIRED - 2005**

October 31, 2018

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

The Honorable Mayor  
And the Board of Alderman  
Town of New Llano, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Llano, as of and for the year ended June 30, 2018, 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 October 31, 2018.

**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

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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 Boyce'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 **2018-1**.

#### **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 Response**  
**For the Year Ended June 30, 2018**

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**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, 2018, and for the year then ended expressed an unmodified opinion.
- 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 results of the audit disclosed instances of noncompliance (**Findings 2018-1**) that are considered to be material to the financial statements of the Town of New Llano.
- 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 2018-1 – Public Funds**

The Town may have violated the State of Louisiana Constitution by giving away public property. The Town prepared gift baskets using public funds and handed these baskets out to local citizens. Even though the products and funds were provided through donations, all of the property became public property upon donation. The Town is not allowed to donate property. We recommend that the Town not perform such activities in the future and consult with legal counsel prior to engaging in such activities in the future.

**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, 2018**

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<p><b><u>Finding 2018-1 – Public Funds</u></b> The Town prepared gift baskets using public funds and handed these baskets out to local citizens. The products and funds were provided through donations. We recommend that the Town not perform such activities in the future without consulting legal counsel.</p>	<p><b><u>Response</u></b> – We will not conduct such activities in the future. We will also consult legal counsel prior to any similar acts.</p>
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<p>Finding - N/A – There were no findings in this area.</p>	<p>Response - N/A</p>
<b>SECTION III – MANAGEMENT LETTER</b>	
<p>Finding - N/A – There were no findings in this area.</p>	<p>Response - N/A</p>

**Town of New Llano, Louisiana**  
**Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2018**

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<b>SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
N/A – There were no findings in this area.	Response - N/A
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
N/A – There were no findings in this area.	Response - N/A
<b>SECTION III – MANAGEMENT LETTER</b>	
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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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

### Independent Accountant's Report On Applying Agreed-Upon Procedures

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

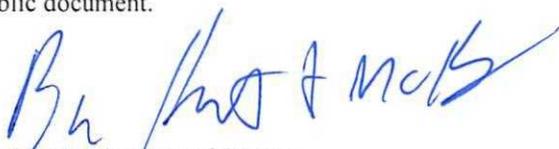
We have performed the procedures enumerated below, which were agreed to by the Town of New Llano (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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  
October 31, 2018

Post Office Box 12178 • Alexandria, Louisiana 71315-2178  
www.CenlaCPAs.com • Voice 318.442.1608 • Fax 318.487.2027

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Written Policies and Procedures</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> <li>• Budgeting</li> <li>• Purchasing</li> <li>• Disbursements</li> <li>• Receipts</li> <li>• Payroll/Personnel</li> <li>• Contracting</li> <li>• Credit Cards</li> <li>• Travel and expense reimbursements</li> <li>• Ethics</li> <li>• Debt</li> </ul>	<p>The Town's written ordinances address the following functions:</p> <ul style="list-style-type: none"> <li>○ Payroll/Personnel</li> </ul> <p>The Town does not have any written procedures regarding the following functions:</p> <ul style="list-style-type: none"> <li>○ Budgeting</li> <li>○ Purchasing</li> <li>○ Disbursements</li> <li>○ Receipts</li> <li>○ Contracting</li> <li>○ Credit Cards</li> <li>○ Travel</li> <li>○ Ethics</li> <li>○ Debt Service</li> </ul>	<p><i>We will examine our written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Board (or Finance Committee)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>RHM has reviewed the board and committee minutes for the fiscal period.</p> <p>The governing board meet monthly with a quorum.</p> <p>Budget-to-Actual comparisons are not included as part of the Boards monthly report.</p>	<p><b><i>The results did not contain any critical comments.</i></b></p> <p><b><i>The results did not include findings or criticisms.</i></b></p> <p><b><i>The Town will begin to include budget-to-actual comparisons as part of the Boards monthly report</i></b></p>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

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

<b>Board (or Finance Committee)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	The minutes did not reference a formal plan to eliminate the negative unrestricted fund balance in the general fund, but the Town did eliminate the negative fund balance in the current year.	<i>The Town will reference their plan to eliminate negative fund balances in their meetings in the future.</i>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>The administrative staff consist of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>The administrative staff consist of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>The administrative staff consist of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>The administrative staff is covered by an insurance policy that protects against theft.</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>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>The days of September 13, and March 21 were randomly selected.</p> <p>The Town does keep sequentially numbered receipts.</p> <p>Receipt totals match the total on deposit slips.</p> <p>Deposit slip totals match the images on the bank statement.</p> <p>The Town Clerk represented they do make deposits daily.</p> <p>The amount per bank statement is recorded in the general ledger.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The results did not include findings or criticisms.</p>

**Town of New Llano**

**Statewide Agreed-Up Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Up Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at the Town's facility on Stanton Street.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>Request for purchases are made to the Town Clerk who gives a written approval. Once approved the purchase is made by the initial employee who made the request.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>Checks require dual signatures.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>The Town Clerk does not have signatory authority on the checks. The Town Clerk is involved in adding vendors.</p>	<p><i>The Town mitigates the segregation of duties by having dual signature authority on checks.</i></p>
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>The Town Clerk mails the checks. The Town Clerk does not have signatory authority on the checks but is responsible for processing payments.</p>	<p><i>The Town mitigates the segregation of duties by having dual signature authority on checks.</i></p>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

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

<b>Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>Disbursements selected are supported by documentation.</p> <p>Segregation of duties was observed on disbursement documentation.</p>	<p><b><i>The results did not include findings or criticisms.</i></b></p> <p><b><i>The results did not include findings or criticisms.</i></b></p>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>A list was furnished and representation was obtained.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>The statements have a purchase order attached to it with the Town Clerk's signature. The Town Clerk is an authorized card holder.</p> <p>The statements examined did not have finance charges and late fees assessed.</p>	<p><i>The Town will have a member of management other than the authorized card holder review the statement and document their review.</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)**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Statements totaling \$204.39 did have supporting documentation or written documentation of the business / public purpose.	<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**

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

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>An active vendor list was produced by the town's general ledger software and the Town Clerk represented that the listing was complete.</p> <p>None of the contracts randomly selected were required by law to be bid in accordance with the Louisiana Public Bid Law.</p> <p>The only contact that was in the minutes that got the Board's approval was Municipal Code Corporation.</p> <p>None of the contracts randomly selected was amended.</p> <p>The payments selected for the five contracts agree to contract terms with the invoice and related payment.</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 board does review contracts through out the year.</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**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>Authorized salaries and pay rates are documented in the personnel file.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Daily attendance was documented.</p> <p>Not all attendance was not properly approved.</p> <p>Leave accrued or taken during the pay period is recorded and maintained in a cumulative leave record by the Town Clerk.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will have a member of management approve employee's attendance records for approval of attendance.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records,</p>	<p>Due to employees not being allowed to carry over significant amounts of vacation time, the only termination payments were any unused current year vacation time. Inspection of their personal files and the Town's master accrued vacation time listing reviled the two employees received termination payments that agreed to their authorized pay rates.</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)**

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<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.  19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that payments and filings have been completed on time.	<b><i>The results did not include findings or criticisms.</i></b>

**Town of New Llano**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Ethics</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p>	<p>Documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>The Town has not adopted a written ethics policy.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>Due to the size of our workforce, standards of ethical behavior can be clearly communicated without adopting written policies or requiring formal acknowledgement.</i></p>

# **Town of New Llano**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Debt Service</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	The Town Clerk represented that the Town did not enter into any new bonds or notes during the fiscal period. The State Bond Commission approval does not apply.	<i>The results did not include findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	Management provided a listing of all bonds/notes outstanding at the end of the fiscal period and representation that the listing is complete. The Series 2007 Bond was randomly selected. Supporting documentation regarding the debt covenants was inspected. The Town made the required payments and maintained the reserve balance for the debt covenants in the fiscal year.	<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**

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<b>Other</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Based on management's representations, there were no misappropriations.	<i>The results did not include findings or criticisms.</i>
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	The poster was noticed in the lobby of town hall and on the Town's website.	<i>The results did not include findings or criticisms.</i>