

TOWN OF NEW LLANO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants
Alexandria, Louisiana

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Rozier Harrington & McKay | CERTIFIED PUBLIC ACCOUNTANTS |

August 23, 2019

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, 2019, 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, 2019, 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
- 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,



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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 August 23, 2019, 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, 2019

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, 2019.

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, 2019

- **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, 2019</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>For the Year Ended June 30, 2018</u>
<u>Assets:</u>				
Current and Other Assets	\$ 605,587	\$ 722,559	\$ 1,328,146	\$ 942,042
Capital Assets	4,154,915	7,103,861	11,258,776	11,633,426
Total Assets	<u>4,760,502</u>	<u>7,826,420</u>	<u>12,586,922</u>	<u>12,575,468</u>
Deferred Outflows	96,214	56,058	152,272	264,784
<u>Liabilities:</u>				
Current and Other Liabilities	36,729	149,934	186,663	194,799
Long-term Liabilities	1,154,713	1,695,156	2,849,869	3,311,343
Total Liabilities	<u>1,191,442</u>	<u>1,845,090</u>	<u>3,036,532</u>	<u>3,506,142</u>
Deferred Inflows	252,970	24,018	276,988	133,080
<u>Net Position:</u>				
Invested in Capital Assets (Net)	3,376,031	5,525,749	8,901,780	9,090,456
Restricted	283,850	364,100	647,950	566,748
Unrestricted	(247,577)	123,521	(124,056)	(456,174)
Total Net Position	<u>\$ 3,412,304</u>	<u>\$ 6,013,370</u>	<u>\$ 9,425,674</u>	<u>\$ 9,201,030</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, 2019

An additional portion of the Town's net position (6.9%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

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

Changes in Net Position

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

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018
	Governmental Activities	Business-Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 362,246	\$ 980,050	\$ 1,342,296	\$ 1,305,221
Operating Grants and Contributions	63,175	----	63,175	84,256
Capital Grants and Contributions	----	----	----	226,453
General Revenue:				
Sales Taxes	489,113	----	489,113	477,481
Property Taxes	96,874	14,402	111,276	147,787
Other Taxes	56,428	----	56,428	57,056
Franchise Taxes	151,696	----	151,696	153,836
Occupational Licenses	77,695	----	77,695	70,609
Other Licenses	18,261	----	18,261	23,680
Rental and Lease	----	----	----	----
Miscellaneous	27,936	206	28,142	40,643
Total Revenue	1,343,424	994,658	2,338,082	2,587,022
Program Expenses:				
General Government	248,905	----	248,905	318,010
Public Safety				
Police Department	341,229	----	341,229	489,932
Fire Department	508,271	----	508,271	488,125
Streets, Drainage, & Recreation	170,226	----	170,226	191,283
Water	----	526,401	526,401	470,168
Sewer	----	288,766	288,766	256,100
Interest on Long-Term Debt	29,640	----	29,640	25,871
Total Expenses	1,298,271	815,167	2,113,438	2,239,489
Increase (Decrease) in Net Position Before Transfers				
	45,153	179,491	224,644	347,533
Transfers	80,083	(80,083)	----	----

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

	<u>For the Year Ended June 30, 2019</u>			<u>For the Year Ended June 30, 2018</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Change in Net Position	125,236	99,408	224,644	347,533
Net Position Beginning	3,287,068	5,913,962	9,201,030	8,853,497
Net Position Ending	<u>\$ 3,412,304</u>	<u>\$ 6,013,370</u>	<u>\$ 9,425,674</u>	<u>\$ 9,201,030</u>

Governmental activities before transfers experienced an increase of \$45,153. This increase is attributable to prudent use of the Town's resources.

Business-type activities before transfers experienced an increase of \$179,491. This increase is attributable to efficient operation of the Town's water and sewer utility services.

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 \$579,742 which represents an increase of \$188,630 in comparison to the previous balance. This increase is due to a decrease in governmental fund expenditures.
- 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:

- Work has continued on the new Town fire station.

Debt Administration

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

Factors Expected to Affect Future Operations

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

TOWN OF NEW LLANO

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 248,995	\$ 256,101	\$ 505,096
Receivables (net)	72,742	100,002	172,744
Restricted assets:			
Cash and cash equivalents	283,850	364,100	647,950
Capital assets			
Non depreciable capital assets			
Land	279,284	28,835	308,119
Construction in Process	114,918	-	114,918
Depreciable capital assets, net	3,760,713	7,075,026	10,835,739
Aggregate Net Pension Asset	-	2,356	2,356
Total assets	4,760,502	7,826,420	12,586,922
<u>DEFERRED OUTFLOWS</u>			
Pension funding deferrals	96,214	56,058	152,272
Total deferred outflows	96,214	56,058	152,272
<u>LIABILITIES</u>			
Accounts payable	27,098	19,657	46,755
Interfund payable	(1,253)	1,253	-
Accrued interest payable from restricted assets	10,884	8,493	19,377
Deposits due others	-	120,531	120,531
Long-term liabilities			
Long-term debt			
Due within one year	80,000	115,000	195,000
Due in more than one year	688,000	1,454,619	2,142,619
Aggregate Net Pension Liability	386,713	125,537	512,250
Total liabilities	1,191,442	1,845,090	3,036,532
<u>DEFERRED INFLOWS</u>			
Pension funding deferrals	252,970	24,018	276,988
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,376,031	5,525,749	8,901,780
Restricted:			
Debt Service	283,850	364,100	647,950
Unrestricted	(247,577)	123,521	(124,056)
Total net position (deficit)	\$ 3,412,304	\$ 6,013,370	\$ 9,425,674

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Total
<u>Governmental Activities:</u>					
General Government	\$ 248,905	\$ -	\$ -	\$ -	\$ (248,905)
Public Safety					
Police Department	341,229	362,246	17,232	-	38,249
Fire Department	508,271	-	45,943	-	(462,328)
Streets, Drainage, & Recreation	170,226	-	-	-	(170,226)
Interest on Long-Term Debt	29,640	-	-	-	(29,640)
Total Governmental Activities	<u>1,298,271</u>	<u>362,246</u>	<u>63,175</u>	<u>-</u>	<u>(872,850)</u>
<u>Business-Type Activities:</u>					
Water System	526,401	621,590	-	-	95,189
Sewer System	288,766	358,460	-	-	69,694
Total Business-Type Activities	<u>815,167</u>	<u>980,050</u>	<u>-</u>	<u>-</u>	<u>164,883</u>
Total Primary Government	<u>\$ 2,113,438</u>	<u>\$ 1,342,296</u>	<u>\$ 63,175</u>	<u>\$ -</u>	<u>(707,967)</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Net (Expense) Revenue (Continued From Previous Page)	\$ (872,850)	\$ 164,883	\$ (707,967)
<u>General Revenues:</u>			
Taxes:			
Sales	489,113	-	489,113
Ad Valorem	96,874	14,402	111,276
Other	56,428	-	56,428
Licenses & Permits:			
Franchise Fees	151,696	-	151,696
Occupational Licenses	77,695	-	77,695
Other Licenses	18,261	-	18,261
Other	27,936	206	28,142
Transfers	80,083	(80,083)	-
Total General Revenues and Transfers	<u>998,086</u>	<u>(65,475)</u>	<u>932,611</u>
Change in Net Position	125,236	99,408	224,644
Net Position - Beginning	<u>3,287,068</u>	<u>5,913,962</u>	<u>9,201,030</u>
Net Position Ending	<u>\$ 3,412,304</u>	<u>\$ 6,013,370</u>	<u>\$ 9,425,674</u>

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

TOWN OF NEW LLANO

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2019

	General	Non-Major Funds	Total Governmental Funds
Assets			
Cash & cash equivalents	\$ 248,320	\$ 675	\$ 248,995
Receivables (net)	72,742	-	72,742
Interfund Receivables	-	1,753	1,753
Restricted Assets			
Cash and Cash Equivalents	-	283,850	283,850
Total assets	<u>\$ 321,062</u>	<u>\$ 286,278</u>	<u>\$ 607,340</u>
Liabilities and Fund Balance			
<u>Liabilities</u>			
Accounts and other payables	\$ 27,098	\$ -	\$ 27,098
Interfund Payable	-	500	500
Total liabilities	<u>27,098</u>	<u>500</u>	<u>27,598</u>
<u>Fund Balance</u>			
Restricted			
Debt Service	-	231,390	231,390
Assigned to Debt Service	-	52,460	52,460
Unassigned	293,964	1,928	295,892
Total Fund Balances	<u>293,964</u>	<u>285,778</u>	<u>579,742</u>
Total Liabilities and Fund Balance	<u>\$ 321,062</u>	<u>\$ 286,278</u>	<u>\$ 607,340</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, 2019

Total Fund Balances - Governmental Funds	\$	579,742
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.		4,154,915
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet		(778,884)
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>(543,469)</u>
Net Position of Governmental Activities	\$	<u>3,412,304</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, 2019

	<u>General</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>			
Taxes			
Ad Valorem	\$ 55,927	\$ 40,947	\$ 96,874
Sales	489,113	-	489,113
License and permits			
Occupational Licenses	77,695	-	77,695
Franchise	151,696	-	151,696
Other	18,261	-	18,261
Intergovernmental	136,423	-	136,423
Fines and fees	362,246	-	362,246
Miscellaneous	10,854	262	11,116
Total revenues	<u>1,302,215</u>	<u>41,209</u>	<u>1,343,424</u>
<u>Expenditures:</u>			
Current			
General Government	198,732	-	198,732
Public Safety			
Police Department	348,337	-	348,337
Fire Department	500,880	-	500,880
Streets, Drainage, & Recreation	81,353	-	81,353
Capital Expenditures	2,646	-	2,646
Debt Service	-	102,929	102,929
Total expenditures	<u>1,131,948</u>	<u>102,929</u>	<u>1,234,877</u>
Excess (deficiency) of revenues over expenditures	170,267	(61,720)	108,547
Other sources (uses)			
Operating transfers in (out)	<u>20,028</u>	<u>60,055</u>	<u>80,083</u>
Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses	190,295	(1,665)	188,630
Fund balance - beginning of year	<u>103,669</u>	<u>287,443</u>	<u>391,112</u>
Fund balance - end of year	<u>\$ 293,964</u>	<u>\$ 285,778</u>	<u>\$ 579,742</u>

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

TOWN OF NEW LLANO

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

Year Ended June 30, 2019

Net change in fund balances of Governmental Funds \$ 188,630

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	2,646	
Depreciation expense reported on a government-wide basis	<u>(151,883)</u>	(149,237)

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. 73,289

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 12,554

Change in net position of governmental activities \$ 125,236

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2019

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 194,435	\$ 61,666	\$ 256,101
Receivables (net)	60,486	39,516	100,002
Interfund Receivable	500	-	500
Total current assets	<u>255,421</u>	<u>101,182</u>	<u>356,603</u>
Restricted Assets:			
Cash and cash equivalents	193,972	170,128	364,100
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	-	28,835	28,835
Depreciable capital assets, net	3,700,747	3,374,279	7,075,026
Aggregate Net Pension Asset	-	2,356	2,356
Total assets	<u>4,150,140</u>	<u>3,676,780</u>	<u>7,826,920</u>
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	<u>46,882</u>	<u>9,176</u>	<u>56,058</u>
Total deferred outflows	<u>46,882</u>	<u>9,176</u>	<u>56,058</u>

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

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2019

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts & other payables	17,965	1,692	19,657
Deposits due others	120,531	-	120,531
Interfund Payable	1,753	-	1,753
Total current liabilities	<u>140,249</u>	<u>1,692</u>	<u>141,941</u>
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	-	8,493	8,493
Current portion of long-term debt	40,000	75,000	115,000
Noncurrent Liabilities:			
Long-term debt	794,619	660,000	1,454,619
Aggregate Net Pension Liability	<u>125,537</u>	<u>-</u>	<u>125,537</u>
Total liabilities	<u>1,100,405</u>	<u>745,185</u>	<u>1,845,590</u>
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	<u>20,090</u>	<u>3,928</u>	<u>24,018</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,866,128	2,659,621	5,525,749
Restricted:			
Debt Service	193,972	170,128	364,100
Unrestricted	<u>16,427</u>	<u>107,094</u>	<u>123,521</u>
Total net position (deficit)	<u>\$ 3,076,527</u>	<u>\$ 2,936,843</u>	<u>\$ 6,013,370</u>

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

TOWN OF NEW LLANO

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

Proprietary Funds

Year Ended June 30, 2019

	Business-Type Activities		
	Water System	Sewer System	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 548,170	\$ 358,460	\$ 906,630
Other	73,420	-	73,420
Total operating revenues	621,590	358,460	980,050
<u>Operating Expenses:</u>			
Salaries and wages	147,515	25,464	172,979
Materials, supplies, and maintenance	14,623	63,216	77,839
Office operations	64,421	-	64,421
Payroll taxes and expenses	23,631	5,740	29,371
Vehicle and travel	22,430	9,400	31,830
Professional Fees	3,678	-	3,678
Insurance	66,610	7,030	73,640
Miscellaneous	17,499	299	17,798
Utilities and telephone	28,161	37,509	65,670
Depreciation	106,640	118,774	225,414
Total operating expenses	495,208	267,432	762,640
Operating Income (Loss)	126,382	91,028	217,410
<u>Nonoperating Revenues (Expenses):</u>			
Advalorem Taxes	-	14,402	14,402
Interest income	206	-	206
Interest expense	(31,193)	(21,334)	(52,527)
Change in Net Position Before Capital Grants & Transfers	95,395	84,096	179,491
<u>Capital Grants & Transfers</u>			
Capital Grants	-	-	-
Transfers in (out)	(14,495)	(65,588)	(80,083)
Change in Net Position	80,900	18,508	99,408
Total Net Position - Beginning	2,995,627	2,918,335	5,913,962
Total Net Position - Ending	\$ 3,076,527	\$ 2,936,843	\$ 6,013,370

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, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 636,983	\$ 358,186	\$ 995,169
Cash payments to suppliers of goods and services	(252,247)	(125,528)	(377,775)
Cash payments to employees for services	(147,727)	(25,464)	(173,191)
Net cash provided (used) by operating activities	<u>237,009</u>	<u>207,194</u>	<u>444,203</u>
<u>Cash flows from non-capital financing activities:</u>			
Advalorem taxes	-	14,402	14,402
Operating transfers in (out)	(14,495)	(65,588)	(80,083)
Net cash provided (used) by non-capital financing activities	<u>(14,495)</u>	<u>(51,186)</u>	<u>(65,681)</u>
<u>Cash flows from capital and related financing activities:</u>			
Principal paid on capital debt	(38,000)	(74,000)	(112,000)
Interest paid on capital debt	(31,193)	(22,019)	(53,212)
Net cash provided (used) by capital and related financing activities	<u>(69,193)</u>	<u>(96,019)</u>	<u>(165,212)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	206	-	206
Net cash provided (used) by investing activities	<u>206</u>	<u>-</u>	<u>206</u>
Net increase (decrease) in cash	153,527	59,989	213,516
Beginning cash balance	<u>234,880</u>	<u>171,805</u>	<u>406,685</u>
Ending cash balance	388,407	231,794	620,201
Restricted cash	193,972	170,128	364,100
Cash and cash equivalents	<u>\$ 194,435</u>	<u>\$ 61,666</u>	<u>\$ 256,101</u>

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

Continued...

TOWN OF NEW LLANO

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ 126,382	\$ 91,028	\$ 217,410
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	106,640	118,774	225,414
(Increase) decrease in accounts receivable	908	(274)	634
(Decrease) increase in operating accounts payable	(4,331)	(2,340)	(6,671)
(Decrease) increase in customer deposits	14,485	-	14,485
(Decrease) increase in accrued salaries	(212)	-	(212)
(Decrease) increase in net pension liabilities	(6,863)	6	(6,857)
Net cash provided (used) by operating activities	\$ 237,009	\$ 207,194	\$ 444,203

Supplemental Disclosure of Cash Flow Information:

During the year ended June 30, 2019, 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, 2019

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, 2019***

Based upon the above criteria, the Town of New Llano has no component units for the year ended June 30, 2019.

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.

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

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2019***

is reported as operating income and revenue from other sources is reported as non-operating.

Basis of Accounting and Measurement Focus

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

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

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

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

Non-Exchange Transactions

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

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

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2019***

situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

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

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

Capital Assets

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

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

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

Cash and Cash Equivalents and Investments

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

Internal Balances

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

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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

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, 2019, cash and cash equivalents included the following amounts:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 532,745	\$ 620,201	\$ 1,152,946
Petty Cash	100	----	100
Total Cash	532,845	620,201	1,153,046
Restricted Cash	283,850	364,100	647,950
Cash and Cash Equivalents	<u>\$ 248,995</u>	<u>\$ 256,101</u>	<u>\$ 505,096</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the Town has \$1,153,046 in deposits (\$1,194,704 collected bank balance). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,175,394 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.

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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, 2019, the Town has levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	4.00
Levied per proposition originally approved March 31, 2007 authorizing general obligation debt to run for 20 years payable from a levy of ad valorem taxes. Since these taxes are dedicated to debt service, revenue is reported in a debt service fund.	3.00
Levied per proposition originally approved March 31, 2007 authorizing general obligation debt to run for 20 years payable from a levy of ad valorem taxes. These taxes are dedicated to debt service. Since these bonds are for the Towns sewerage system, revenue will be reported in the sewerage system.	<u>1.05</u>
	<u>8.05</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.

NOTE 4 - RECEIVABLES

The receivables at June 30, 2019, are as follows:

	<u>Governmental Activities</u>
	<u>General Fund</u>
<u>Accounts Receivable</u>	
Franchise Fees	\$ 18,522
Sales Taxes	52,800
Other	1,420
Total Receivables	<u>72,742</u>
Allowance for Doubtful Accounts	<u>----</u>

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

Receivables, net of allowance \$ 72,742

Business-Type Activities

<u>Accounts Receivable</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Utility Customers	\$ 63,452	\$ 41,499	\$ 104,951
Allowance for Doubtful Accounts	(2,966)	(1,983)	(4,949)
Total Utility Customer Receivables	<u>\$ 60,486</u>	<u>\$ 39,516</u>	<u>\$ 100,002</u>

NOTE 5 – CAPITAL ASSETS

A summary of the property and equipment at June 30, 2019, consists of the following:

Non Depreciable Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 279,284	\$ ----	\$ ----	\$ 279,284
Construction in progress	112,272	2,646	----	114,918
Total Governmental Activities	<u>\$ 391,556</u>	<u>\$ 2,646</u>	<u>\$ ----</u>	<u>\$ 394,202</u>
<u>Business-Type Activities</u>				
Land – Sewer System	28,835	----	----	28,835
Total Business-Type Activities	<u>\$ 28,835</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 28,835</u>

Capital Assets Being Depreciated

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Buildings	\$ 1,479,210	\$ ----	\$ ----	\$ 1,479,210
Infrastructure	1,703,006	----	----	1,703,006
Improvements	2,055,347	----	----	2,055,347
Vehicles & Equipment	966,614	----	----	966,614
Total	6,204,177	----	----	6,204,177
Less Accumulated Depreciation	(2,291,581)	(151,883)	----	(2,443,464)
Total Governmental Activities	<u>\$ 3,912,596</u>	<u>\$ (151,883)</u>	<u>\$ ----</u>	<u>\$ 3,760,713</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

Business-Type Activities

Water System				
Water Distribution System	\$ 4,160,128	\$ ----	\$ ----	\$ 4,160,128
Vehicles & Equipment	145,731	----	----	145,731
Accumulated Depreciation	(498,471)	(106,640)	----	(605,111)
Total Water System	<u>3,807,388</u>	<u>(106,640)</u>	<u>----</u>	<u>3,700,748</u>
Sewer System				
Sewer Distribution System	4,733,664	----	----	4,733,664
Vehicles & Equipment	160,837	----	----	160,837
Accumulated Depreciation	(1,401,449)	(118,774)	----	(1,520,223)
Total Net of Depreciation	<u>3,493,052</u>	<u>(118,774)</u>	<u>----</u>	<u>3,374,278</u>
Total Business-Type	<u>\$ 7,300,440</u>	<u>\$ (225,414)</u>	<u>\$ ----</u>	<u>\$ 7,075,026</u>

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

General Government	\$ 37,039
Police Department	15,399
Fire Department	10,572
Streets, Drainage, & Recreation	88,873
Total Depreciation – Governmental Activities	<u>\$ 151,883</u>

Business-Type Activities:

Water	\$ 106,640
Sewer	118,774
Total Depreciation – Business-Type Activities	<u>\$ 225,414</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a summary of payables at June 30, 2019:

	<u>Governmental Activities</u>
	<u>General Fund</u>
Payable to Vendors	\$ 6,340
Salaries Payable	20,758
Total	<u>\$ 27,098</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

	Business-Type Activities		
	<u>Water System</u>	<u>Wastewater System</u>	<u>Total</u>
Payable to Vendors	\$ 4,685	\$ 642	\$ 5,327
Other	13,280	1,050	14,330
Total Business-Type	<u>\$ 17,965</u>	<u>\$ 1,692</u>	<u>\$ 19,657</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	\$ ----	\$ 1,410,619	\$ 1,410,619
Capital Lease	----	----	----
Certificate of Indebtedness	353,000	----	353,000
General Obligation Bonds	415,000	159,000	574,000
Total Long-term Debt	768,000	1,569,619	2,337,619
Due Within One Year	(80,000)	(115,000)	(195,000)
Due in More Than One Year	<u>\$ 688,000</u>	<u>\$ 1,454,619</u>	<u>\$ 2,142,619</u>

Changes in the Town's long-term debt activity for the year ended June 30, 2019, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Certificate of Indebtedness	\$ 388,000	\$ ----	\$ 35,000	\$ 353,000
General Obligation Bonds	456,000	----	41,000	415,000
Total Governmental Activities	<u>\$ 844,000</u>	<u>\$ ----</u>	<u>\$ 76,000</u>	<u>\$ 768,000</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
<u>Water System</u>				
Revenue Bonds	872,619	----	38,000	834,619
Total Water System	872,619	----	38,000	834,619
<u>Sewer System</u>				
Sewer Revenue Bonds	634,000	----	58,000	576,000
General Obligation Bonds	175,000	----	16,000	159,000
Total Sewer System	809,000	----	74,000	735,000
Total Business-Type Activities	\$ 1,681,619	\$ ----	\$ 112,000	\$ 1,569,619

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.

\$ 834,619

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.

576,000

Total Revenue Bonds

\$ 1,410,619

Certificates of Indebtedness

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at June 30, 2019 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.

\$ 353,000

TOWN OF NEW LLANO

Notes To Financial Statements ***June 30, 2019***

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, 2019 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 st 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.	\$ 415,000
\$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 st 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.	<u>159,000</u>
Total General Obligation Bonds	<u>\$ 574,000</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to June 30, 2019, are as follows:

Governmental Activities:

	Principal Installments			
	<u>Certificates of Indebtedness</u>	<u>General Obligations</u>	<u>Total</u>	<u>Interest</u>
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	45,000	53,000	98,000	18,424
2025-2028	148,000	177,000	325,000	27,589
Total Governmental	<u>\$ 353,000</u>	<u>\$ 415,000</u>	<u>\$ 768,000</u>	<u>\$ 158,657</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

Business-type Activities

	Principal Installments				
	Water Revenue Bonds	Sewer Revenue Bonds	Sewer General Obligations	Total	Interest
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	46,000	63,000	20,000	129,000	38,444
2025-2029	252,000	273,000	69,000	594,000	119,060
2030-2034	299,000	----	----	299,000	42,947
2035-2038	69,619	----	----	69,619	2,276
Total Business-Type	<u>\$ 834,619</u>	<u>\$ 576,000</u>	<u>\$ 159,000</u>	<u>\$ 1,569,619</u>	<u>\$ 393,701</u>

Total interest charged to expense for the year ended June 30, 2019 is \$52,527 for business type activities and \$27,929 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.

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:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 251,839	\$ 80,437	\$ 34,460
Firefighters' Retirement System of Louisiana	73,604	27,538	27,178
Municipal Police Employees' Retirement System of Louisiana	<u>184,451</u>	<u>44,289</u>	<u>215,344</u>
Total	509,894	152,264	276,982
Portion Applicable to Governmental Activities	<u>386,713</u>	<u>96,205</u>	<u>252,963</u>
Portion Applicable to Business-Type Activities	<u>\$ 123,181</u>	<u>\$ 56,059</u>	<u>\$ 24,019</u>

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

Municipal Employees' Retirement System of Louisiana:

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

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

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 245,867,981
Plan Fiduciary Net Position	161,284,802
Net Pension Liability	<u>84,583,179</u>
Town's Proportionate Share (Percentage)	0.297741 %
Town's Proportionate Share (Amount)	<u>\$ 251,839</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, 2018 are provided as follows:

Beginning Net Pension Liability		\$ 296,546
Employer Contributions		(29,408)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	51,752	
Changes in Benefit Terms	(8,415)	
Employee Contributions	<u>(7,476)</u>	35,861
Changes in Deferred Outflows of Resources		(29,505)
Changes in Deferred Inflows of Resources		<u>(21,655)</u>
Ending Net Pension Liability		<u>\$ 251,839</u>

There were no changes between June 30, 2019 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, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 674	\$ 11,343	\$ (10,669)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	40,932	----	40,932
Changes of Assumptions	9,424	----	9,424
Changes in Proportion	----	23,117	(23,117)
Employer Contributions Made After the Measurement Date	29,407	----	29,407
Total Deferrals	<u>80,437</u>	<u>34,460</u>	<u>45,977</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(29,407)</u>	<u>----</u>	<u>(29,407)</u>
Deferrals Subject to Amortization	<u>\$ 51,030</u>	<u>\$ 34,460</u>	<u>\$ 16,570</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, 2019	\$ 10,616
June 30, 2020	974
June 30, 2021	3,711
June 30, 2022	<u>1,269</u>
Total	<u>\$ 16,570</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, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.275%
Projected Salary Increases	5.00% (2.6% Inflation, 2.4% 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

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50.0%	2.2%
Public Fixed Income	35.0%	1.5%
Alternatives	15.0%	0.6%
Totals	<u>100.00%</u>	<u>4.3%</u>
Inflation		<u>2.7%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

The discount rate used to measure the total pension liability was 7.275%. 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:

	1% Decrease 6.275% Discount Rate	Current Discount Rate 7.275%	1% Increase 8.275% Discount Rate
Net Pension Liability	\$ 330,508	\$ 251,839	\$ 184,963

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 3,007,181,318
Plan Fiduciary Net Position	<u>2,161,775,206</u>
Net Pension Liability	845,406,112
Town's Proportionate Share (Percentage)	<u>0.021818%</u>
Town's Proportionate Share (Amount)	<u>\$ 184,451</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, 2018 are provided as follows:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

Beginning Net Pension Liability		\$ 406,192
Employer Contributions		(19,819)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	27,468	
Changes in Proportion	(32,359)	
Employee Contributions	(4,304)	(9,195)
Changes in Deferred Outflows of Resources		(74,321)
Changes in Deferred Inflows of Resources		<u>(118,406)</u>
Ending Net Pension Liability		<u>\$ 184,451</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 832	\$ 9,426	\$ (8,594)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	8,842	----	8,842
Changes of Assumptions	12,054	----	12,054
Changes in Proportion	10,564	205,918	(195,354)
Employer Contributions Made After the Measurement Date	11,997	----	11,997
Total Deferrals	44,289	215,344	(171,055)
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(11,997)</u>	<u>----</u>	<u>(11,997)</u>
Deferrals Subject to Amortization	<u>\$ 32,292</u>	<u>\$ 215,344</u>	<u>\$ (183,052)</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, 2019	\$ (57,747)
June 30, 2020	(72,815)
June 30, 2021	(52,812)
June 30, 2022	322
Total	<u>\$ (183,052)</u>

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.20% net of investment expense	
Expected Remaining Service Lives	2018 - 4 Years	
Inflation Rate	2.60 % 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.	

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, 2018 are summarized in the following table:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Totals	100.00%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.03%

The discount rate used to measure the total pension liability was 7.20%. 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:

	1% Decrease 6.2% Discount Rate	Current Discount Rate 7.2%	1% Increase 8.2% Discount
Net Pension Liability	\$ 259,204	\$ 184,451	\$ 121,735

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.

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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

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

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

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,279,256,967
Plan Fiduciary Net Position	<u>1,704,049,168</u>
Net Pension Liability	575,207,799
Town's Proportionate Share (Percentage)	0.012796%
Town's Proportionate Share (Amount)	<u>\$ 73,604</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, 2018 are provided as follows:

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

Beginning Net Pension Liability		\$	82,986
Employer Contributions			(8,093)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	9,245		
Employee Contributions	<u>(3,321)</u>		5,924
Changes in Deferred Outflows of Resources			<u>(3,372)</u>
Changes in Deferred Inflows of Resources			<u>(3,841)</u>
Ending Net Pension Liability		\$	<u>73,604</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 5,602	\$ (5,602)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	4,786	---	4,786
Changes of Assumptions	5,135	12	5,123
Changes in Proportion	8,530	21,564	(13,034)
Employer Contributions Made After the Measurement Date	<u>9,087</u>	<u>-----</u>	<u>9,087</u>
Total Deferrals	27,538	27,178	360
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(9,087)</u>	<u>----</u>	<u>(9,087)</u>
Deferrals Subject to Amortization	<u>\$ 18,451</u>	<u>\$ 27,178</u>	<u>\$ (8,727)</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, 2019	\$ 794
June 30, 2020	(2,002)
June 30, 2021	(2,686)
June 30, 2022	(2,761)
June 30, 2023	(837)
June 30, 2024	<u>(1,235)</u>
Total	<u>\$ (8,727)</u>

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

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.3% per annum
Inflation Rate	2.7% 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 8.09% as of June 30, 2018.

Best estimates of real rates of return for each major asset class included in the FRS target asset allocation as of June 30, 2018, 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	22.00%	6.14%
Non- U.S. Equity	22.00%	7.46%
Global Equity	10.00%	6.74%
Fixed Income	26.00%	1.76%
Real Estate	6.00%	4.38%
Private Equity	4.00%	8.73%
Global Tactical Asset Alloc.	5.00%	4.31%
Risk Parity	5.00%	4.89%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%. 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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2019

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 6.3% Discount Rate	Current Discount Rate 7.3%	1% Increase 8.3% Discount Rate
Net Pension Liability	\$ 107,405	\$ 73,604	\$ 45,199

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:

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

TOWN OF NEW LLANO

Notes To Financial Statements June 30, 2019

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
<u>Governmental Funds</u>			
General Fund	\$ 20,028	\$ ----	\$ 20,028
Non-Major	60,055	----	60,055
Total Governmental Funds	<u>80,083</u>	<u>----</u>	<u>80,083</u>
<u>Business Type Funds</u>			
Water System	----	14,495	(14,495)
Sewer System	----	65,588	(65,588)
Total Business Type Funds	<u>----</u>	<u>80,083</u>	<u>(80,083)</u>
Total	<u>\$ 80,083</u>	<u>\$ 80,083</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, 2019, are described as follows:

Litigation

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

Grant Compliance

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

NOTE 14 – ON BEHALF PAYMENTS

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

Police Department	\$ 17,232
Fire Department	45,943
Total	<u>\$ 63,175</u>

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Taxes				
Ad Valorem	\$ 52,000	\$ 51,045	\$ 55,927	\$ 4,882
Sales	460,000	492,000	489,113	(2,887)
License and permits				
Occupational Licenses	92,000	65,000	77,695	12,695
Franchise	149,000	152,000	151,696	(304)
Other	23,000	19,790	18,261	(1,529)
Intergovernmental	138,200	123,217	136,423	13,206
Fines and fees	300,000	355,055	362,246	7,191
Miscellaneous	-	5,687	10,854	5,167
Total revenues	1,214,200	1,263,794	1,302,215	38,421
<u>General Government:</u>				
Salary - mayor and aldermen	31,000	30,300	30,250	50
Salaries - other	52,000	52,000	50,100	1,900
Office operations	22,000	18,000	21,761	(3,761)
Payroll taxes and expenses	13,604	16,188	6,153	10,035
Insurance	70,050	21,347	21,385	(38)
Professional fees	46,400	49,800	38,668	11,132
Miscellaneous	19,325	16,642	22,703	(6,061)
Utilities and telephone	9,000	8,000	7,712	288
Total general government	263,379	212,277	198,732	13,545
<u>Public Safety:</u>				
Police				
Salaries	136,500	143,235	140,301	2,934
Payroll taxes	10,422	9,644	10,744	(1,100)
Retirement	43,934	12,600	12,606	(6)
Mayors court	46,020	70,000	60,041	9,959
Office operations	12,000	26,600	22,586	4,014
Vehicle operations	16,800	12,194	12,122	72
Insurance	55,856	45,883	45,684	199
Prisoner expense	6,000	2,000	1,630	370
Prosecutor Expense	15,600	15,600	15,600	-
Utilities	8,000	7,850	4,778	3,072
Pretrial Intervention	6,000	-	-	-
Indigent Defender	7,200	12,780	13,358	(578)
Miscellaneous	3,668	4,250	8,887	(4,637)
Police total	368,000	362,636	348,337	14,299

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual (Continued) - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Public Safety: (continued)</u>				
Total Police	<u>368,000</u>	<u>362,636</u>	<u>348,337</u>	<u>14,299</u>
Fire				
Salaries	380,600	350,600	354,692	(4,092)
Payroll taxes	30,000	23,220	27,162	(3,942)
Retirement	7,000	9,800	9,829	(29)
Insurance	56,800	50,768	57,164	(6,396)
Office Operations	18,000	13,800	20,824	(7,024)
Fuel	-	9,100	-	9,100
Vehicles Expenses	-	9,000	15,772	(6,772)
Utilities	9,500	9,500	9,304	196
Miscellaneous	<u>17,800</u>	<u>6,000</u>	<u>6,133</u>	<u>(133)</u>
Total Fire	<u>519,700</u>	<u>481,788</u>	<u>500,880</u>	<u>(19,092)</u>
Total public safety	<u>887,700</u>	<u>844,424</u>	<u>849,217</u>	<u>(4,793)</u>
<u>Streets, Drainage, & Recreation</u>				
Salaries	21,000	24,000	23,294	706
Payroll taxes and expenses	4,600	3,792	1,784	2,008
Utilities	42,400	42,550	39,592	2,958
Insurance	14,000	10,306	10,211	95
Contract Labor/R&M	1,000	20	20	-
Miscellaneous	500	-	2,013	(2,013)
Recreation	<u>2,400</u>	<u>5,708</u>	<u>4,439</u>	<u>1,269</u>
Total streets, drainage, & recreation	<u>85,900</u>	<u>86,376</u>	<u>81,353</u>	<u>5,023</u>
Capital Expenditures	<u>18,000</u>	<u>2,646</u>	<u>2,646</u>	<u>-</u>
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,254,979</u>	<u>1,145,723</u>	<u>1,131,948</u>	<u>13,775</u>
Excess (deficiency) of revenues over expenditures	<u>(40,779)</u>	<u>118,071</u>	<u>170,267</u>	<u>52,196</u>
Other sources (uses)				
Operating transfers in (out)	<u>43,000</u>	<u>51,353</u>	<u>20,028</u>	<u>(31,325)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>2,221</u>	<u>169,424</u>	<u>190,295</u>	<u>20,871</u>
Fund balance - beginning of year	<u>687</u>	<u>687</u>	<u>103,669</u>	<u>102,982</u>
Fund balance - end of year	<u>\$ 2,908</u>	<u>\$ 170,111</u>	<u>\$ 293,964</u>	<u>\$ 123,853</u>

TOWN OF NEW LLANO

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 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%
June 30, 2018	0.2977%	251,839	210,049	119.9%	65.6%
Firefighters's Retirement System					
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%
June 30, 2018	0.0128%	73,604	34,291	214.6%	74.8%
Municipal Police Employees' Retirement System					
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%
June 30, 2018	0.0218%	184,451	37,200	495.8%	71.9%

Notes to Schedule:

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

TOWN OF NEW LLANO

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 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%
June 30, 2018	29,407	29,408	(1)	210,049	14.00%
Firefighters's Retirement System					
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%
June 30, 2018	9,087	8,093	994	34,291	23.60%
Municipal Police Employees' Retirement System					
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%
June 30, 2018	11,997	19,819	(7,822)	37,200	53.28%

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, 2019**

	Debt Service			
	LCDBG	Town Hall Sinking Fund	Series 2007A	Non-Major Funds
Assets				
Cash & cash equivalents	\$ 675	\$ -	\$ -	\$ 675
Interfund Receivables	-	-	1,753	1,753
Restricted Cash	-	52,460	231,390	283,850
Total assets	\$ 675	\$ 52,460	\$ 233,143	\$ 286,278
Liabilities and Fund Balance				
<u>Liabilities</u>				
Interfund Payable	\$ 500	\$ -	\$ -	\$ 500
Total liabilities	500	-	-	500
<u>Fund Balance</u>				
Restricted				
Debt Service	-	-	231,390	231,390
Assigned to Debt Service	-	52,460	-	52,460
Unassigned	175	-	1,753	1,928
Total Fund Balances	175	52,460	233,143	285,778
Total Liabilities and Fund Balance	\$ 675	\$ 52,460	\$ 233,143	\$ 286,278

TOWN OF NEW LLANO

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Governmental Funds
Year Ended June 30, 2019**

	LCDBG	Debt Service		Non-Major Fund
		Town Hall Sinking Fund	Series 2007A	
Revenues:				
Ad Valorem Taxes	\$ -	\$ -	\$ 40,947	\$ 40,947
Miscellaneous	-	21	241	262
Total revenues	<u>-</u>	<u>21</u>	<u>41,188</u>	<u>41,209</u>
Expenditures:				
Debt Service	-	49,264	53,665	102,929
Total expenditures	<u>-</u>	<u>49,264</u>	<u>53,665</u>	<u>102,929</u>
Excess (deficiency) of revenues over expenditures	-	(49,243)	(12,477)	(61,720)
Other sources (uses)				
Operating transfers in (out)	<u>55</u>	<u>60,000</u>	<u>-</u>	<u>60,055</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	55	10,757	(12,477)	(1,665)
Fund balance - beginning of year	<u>120</u>	<u>41,703</u>	<u>245,620</u>	<u>287,443</u>
Fund balance - end of year	<u>\$ 175</u>	<u>\$ 52,460</u>	<u>\$ 233,143</u>	<u>\$ 285,778</u>

TOWN OF NEW LLANO

Schedule of Compensation Paid to Board Members

Year Ended June 30, 2019

Denis Jordan	\$ 12,500
Charlotte Cooper	3,000
Lesley Poteat	3,125
Terry Speicher	3,125
Carolyn Todd	4,375
Ervin Wilson	<u>3,125</u>
Total Compensation	<u>\$ 29,250</u>

TOWN OF NEW LLANO

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2019

Agency Head (Mayor) - Denis Jordan

Purpose:

Compensation	\$	12,500
Benefits		-
Reimbursements		698



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

August 23, 2019

**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, 2019, 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 August 23, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material



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weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



ROZIER, HARRINGTON & McKAY
Certified Public Accountants

Town of New Llano, Louisiana
Schedule of Findings and Response
For the Year Ended June 30, 2019

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, 2019, 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 did not disclose an instance of noncompliance that is 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:

- There are no matters to report.

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

- There are no matters to report.

**Town of New Llano, Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2019**

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

Finding - N/A – There were no findings in this area.	Response - N/A
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**SECTION II – INTERNAL CONTROL AND
COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Finding - N/A – There were no findings in this area.	Response - N/A
--	----------------

SECTION III – MANAGEMENT LETTER

Finding - N/A – There were no findings in this area.	Response - N/A
--	----------------

**Town of New Llano, Louisiana
 Schedule of Prior Year Findings
 For the Year Ended June 30, 2019**

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p><u>Finding 2018-1 – Public Funds</u> 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><u>Resolved</u> The Town no longer conducts such activities and will consult legal counsel prior to any similar acts.</p>
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
N/A – There were no findings in this area.	Response - N/A
SECTION III – MANAGEMENT LETTER	
N/A – There were no findings in this area.	Response - N/A

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

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, 2018 through June 30, 2019. 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
August 23, 2019



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Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>I Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt • Disaster Recovery / Business Continuity 	<p>The Town's written ordinances address the following functions:</p> <ul style="list-style-type: none"> • Payroll/Personnel <p>The Town does not have any written procedures regarding the following functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Contracting • Credit Cards • Travel & Expense Reimbursement • Ethics • Debt Service • Disaster Recovery 	<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

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

Town of New Llano

Statewide Agreed-Upon Procedures

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

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

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</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 (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily	See Comments Above.	<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 (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and: a. Observe that receipts are sequentially pre-numbered. b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. c. Trace the deposit slip total to the actual deposit per the bank statement. 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). e. Trace the actual deposit per the bank statement to the general ledger.	See Comments Above. See Comments Above. See Comments Above. See Comments Above. See Comments Above.	<p style="text-align: center;"><i>The results did not include findings or criticisms.</i></p> <p style="text-align: center;"><i>The results did not include findings or criticisms.</i></p> <p style="text-align: center;"><i>The results did not include findings or criticisms.</i></p> <p style="text-align: center;"><i>The results did not include findings or criticisms.</i></p> <p style="text-align: center;"><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

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
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).	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.	<i>The results did not include findings or criticisms.</i>
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:	See Comments Above.	<i>The results did not include findings or criticisms.</i>
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
b) At least two employees are involved in processing and approving payments to vendors.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
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.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
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.	See Comments Above.	<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 (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<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>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	All transactions examined had supporting documentation.	<i>The results did not include findings or criticisms.</i>

Town of New Llano

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>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>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>Authorized salaries and pay rates are documented in the personnel files.</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 examined was 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.</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, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials'</p>	<p>Inspection of the leave records and personnel files of the employees selected agreed to the employee's records.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of New Llano

Statewide Agreed-Upon Procedures

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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
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.	<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

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year. See Comments Above. See Comments Above.	<i>The results did not include findings or criticisms.</i> <i>The results did not include findings or criticisms.</i> <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

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.	<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.	See Comments Above.	<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

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	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>