

TOWN OF NEW LLANO

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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

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November 1, 2021

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, 2021, 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, 2021, 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



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

Other Supplemental Information

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

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 November 1, 2021, 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, MCKAY, AND WILLIS
Certified Public Accountants

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021.

Overview of Financial Statements

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

Government –Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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:

	June 30, 2021			
	Governmental Activities	Business-Type Activities	Total	For the Year Ended June 30, 2020
<u>Assets:</u>				
Current and Other Assets	\$ 897,427	\$ 919,620	\$ 1,817,047	\$ 1,370,151
Capital Assets	4,069,910	6,664,034	10,733,944	10,957,943
Total Assets	4,967,337	7,583,654	12,550,991	12,328,094
Deferred Outflows	136,053	44,888	180,941	128,996
<u>Liabilities:</u>				
Current and Other Liabilities	60,150	143,680	203,830	158,304
Long-term Liabilities	911,106	1,494,639	2,405,745	2,576,011
Total Liabilities	971,256	1,638,319	2,609,575	2,734,315
Deferred Inflows	122,532	18,387	140,919	245,918
<u>Net Position:</u>				
Invested in Capital Assets (Net)	3,465,910	5,326,415	8,792,325	8,815,324
Restricted	269,738	450,305	720,043	663,058
Unrestricted	273,954	195,116	469,070	(1,525)
Total Net Position	\$ 4,009,602	\$ 5,971,836	\$ 9,981,438	\$ 9,476,857

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

An additional portion of the Town's net position (7.2%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

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

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021			For the Year Ended June 30, 2020
	Governmental Activities	Business-Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 576,740	\$ 1,015,142	\$ 1,591,882	\$ 1,320,315
Operating Grants and Contributions	91,131	46,871	138,002	72,480
Capital Grants and Contributions	----	----	----	----
General Revenue:				
Sales Taxes	637,716	----	637,716	465,326
Property Taxes	92,630	15,016	107,646	106,412
Other Taxes	65,022	----	65,022	52,321
Franchise Taxes	147,621	----	147,621	151,037
Occupational Licenses	71,292	----	71,292	70,844
Other Licenses	15,810	----	15,810	15,956
Miscellaneous	18,830	222	19,052	6,337
Total Revenue	<u>1,716,792</u>	<u>1,077,251</u>	<u>2,794,043</u>	<u>2,261,028</u>
<u>Program Expenses:</u>				
General Government	257,003	----	257,003	233,017
Public Safety				
Police Department	380,977	----	380,977	240,230
Fire Department	488,215	----	488,215	465,769
Streets, Drainage, & Recreation	168,160	----	168,160	160,227
Water	----	583,504	583,504	681,013
Sewer	----	381,506	381,506	414,530
Interest on Long-Term Debt	30,097	----	30,097	15,159
Total Expenses	<u>1,324,452</u>	<u>965,010</u>	<u>2,289,462</u>	<u>2,209,845</u>
Increase (Decrease) in Net Position Before Transfers	392,340	112,241	504,581	51,183
Transfers	(4,234)	4,234	----	----
Change in Net Position	<u>388,106</u>	<u>116,475</u>	<u>504,581</u>	<u>51,183</u>
Net Position Beginning	<u>3,621,496</u>	<u>5,855,361</u>	<u>9,476,857</u>	<u>9,425,674</u>
Net Position Ending	<u>\$ 4,009,602</u>	<u>\$ 5,971,836</u>	<u>\$ 9,981,438</u>	<u>\$ 9,476,857</u>

Governmental activities before transfers experienced an increase of \$392,340. This increase is attributable to prudent use of the Town's resources.

Business-type activities before transfers experienced an increase of \$112,241. This increase is attributable to efficient operation of the Town's water and sewer utility services.

TOWN OF NEW LLANO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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 \$837,277 which represents an increase of \$191,189 in comparison to the previous balance. This increase is due to a significant increase in revenues.
- 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:

- Roof repair at Town Hall
- Street improvement project
- 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, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 500,709	\$ 369,294	\$ 870,003
Receivables (net)	126,980	100,021	227,001
Restricted assets:			
Cash and cash equivalents	269,738	450,305	720,043
Capital assets			
Non depreciable capital assets			
Land	279,284	28,835	308,119
Construction in Process	188,168	-	188,168
Depreciable capital assets, net	<u>3,602,458</u>	<u>6,635,199</u>	<u>10,237,657</u>
Total assets	<u>4,967,337</u>	<u>7,583,654</u>	<u>12,550,991</u>
<u>DEFERRED OUTFLOWS</u>			
Pension funding deferrals	<u>136,053</u>	<u>44,888</u>	<u>180,941</u>
Total deferred outflows	<u>136,053</u>	<u>44,888</u>	<u>180,941</u>
<u>LIABILITIES</u>			
Accounts payable	25,714	10,458	36,172
Delayed Revenue	34,436	-	34,436
Deposits due others	-	133,222	133,222
Long-term liabilities			
Long-term debt			
Due within one year	88,000	121,000	209,000
Due in more than one year	516,000	1,216,619	1,732,619
Aggregate Net Pension Liability	<u>307,106</u>	<u>157,020</u>	<u>464,126</u>
Total liabilities	<u>971,256</u>	<u>1,638,319</u>	<u>2,609,575</u>
<u>DEFERRED INFLOWS</u>			
Pension funding deferrals	<u>122,532</u>	<u>18,387</u>	<u>140,919</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,465,910	5,326,415	8,792,325
Restricted:			
Debt Service	269,738	450,305	720,043
Unrestricted	<u>273,954</u>	<u>195,116</u>	<u>469,070</u>
Total net position (deficit)	<u>\$ 4,009,602</u>	<u>\$ 5,971,836</u>	<u>\$ 9,981,438</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	(Expenses) Revenue
					Total
<u>Governmental Activities:</u>					
General Government	\$ 257,003	\$ -	\$ 30,280	\$ -	\$ (226,723)
Public Safety					
Police Department	380,977	576,740	10,044	-	205,807
Fire Department	488,215	-	50,807	-	(437,408)
Streets, Drainage, & Recreation	168,160	-	-	-	(168,160)
Interest on Long-Term Debt	30,097	-	-	-	(30,097)
Total Governmental Activities	<u>1,324,452</u>	<u>576,740</u>	<u>91,131</u>	<u>-</u>	<u>(656,581)</u>
<u>Business-Type Activities:</u>					
Water System	583,504	651,095	25,250	-	92,841
Sewer System	381,506	364,047	21,621	-	4,162
Total Business-Type Activities	<u>965,010</u>	<u>1,015,142</u>	<u>46,871</u>	<u>-</u>	<u>97,003</u>
Total Primary Government	<u>\$ 2,289,462</u>	<u>\$ 1,591,882</u>	<u>\$ 138,002</u>	<u>\$ -</u>	<u>(559,578)</u>

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

TOWN OF NEW LLANO

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	<u>\$ (656,581)</u>	<u>\$ 97,003</u>	<u>\$ (559,578)</u>
<u>General Revenues:</u>			
Taxes:			
Sales	637,716	-	637,716
Ad Valorem	92,630	15,016	107,646
Other	65,022	-	65,022
Licenses & Permits:	-		
Franchise Fees	147,621	-	147,621
Occupational Licenses	71,292	-	71,292
Other Licenses	15,810	-	15,810
Other	18,830	222	19,052
Transfers	<u>(4,234)</u>	<u>4,234</u>	<u>-</u>
Total General Revenues and Transfers	<u>1,044,687</u>	<u>19,472</u>	<u>1,064,159</u>
Change in Net Position	388,106	116,475	504,581
Net Position - Beginning	<u>3,621,496</u>	<u>5,855,361</u>	<u>9,476,857</u>
Net Position Ending	<u>\$ 4,009,602</u>	<u>\$ 5,971,836</u>	<u>\$ 9,981,438</u>

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

TOWN OF NEW LLANO

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General	Non-Major Funds	Total Governmental Funds
Assets			
Cash & cash equivalents	\$ 499,976	\$ 733	\$ 500,709
Receivables (net)	126,980	-	126,980
Restricted Assets			
Cash and Cash Equivalents	-	269,738	269,738
Total assets	<u>\$ 626,956</u>	<u>\$ 270,471</u>	<u>\$ 897,427</u>
Liabilities and Fund Balance			
<u>Liabilities</u>			
Accounts and other payables	\$ 25,714	\$ -	\$ 25,714
Delayed Revenue	34,436	-	34,436
Total liabilities	<u>60,150</u>	<u>-</u>	<u>60,150</u>
<u>Fund Balance</u>			
Restricted			
Debt Service	-	197,517	197,517
Assigned to Debt Service	-	72,221	72,221
Unassigned	566,806	733	567,539
Total Fund Balances	<u>566,806</u>	<u>270,471</u>	<u>837,277</u>
Total Liabilities and Fund Balance	<u>\$ 626,956</u>	<u>\$ 270,471</u>	<u>\$ 897,427</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, 2021

Total Fund Balances - Governmental Funds	\$	837,277
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.		4,069,910
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet		(88,000)
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>(809,585)</u>
Net Position of Governmental Activities	\$	<u>4,009,602</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, 2021

	General	Non-Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes			
Ad Valorem	\$ 53,249	\$ 39,381	\$ 92,630
Sales Tax	637,716	-	637,716
License and permits			
Occupational Licenses	71,292	-	71,292
Franchise	147,621	-	147,621
Other	15,810	-	15,810
Intergovernmental	131,507	-	131,507
Fines and fees	576,740	-	576,740
Insurance Proceeds	30,281	-	30,281
Miscellaneous	12,469	726	13,195
Total revenues	<u>1,676,685</u>	<u>40,107</u>	<u>1,716,792</u>
<u>Expenditures:</u>			
Current			
General Government	242,179	2	242,181
Public Safety			
Police Department	429,958	-	429,958
Fire Department	516,200	-	516,200
Streets, Drainage, & Recreation	77,970	-	77,970
Capital Expenditures	140,963	-	140,963
Debt Service	-	114,097	114,097
Total expenditures	<u>1,407,270</u>	<u>114,099</u>	<u>1,521,369</u>
Excess (deficiency) of revenues over expenditures	269,415	(73,992)	195,423
Other sources (uses)			
Operating transfers in (out)	(68,751)	64,517	(4,234)
Excess (Deficiency) of Revenues and Other Sources Over Over Expenditures and Other Uses	200,664	(9,475)	191,189
Fund balance - beginning of year	<u>366,142</u>	<u>279,946</u>	<u>646,088</u>
Fund balance - end of year	<u>\$ 566,806</u>	<u>\$ 270,471</u>	<u>\$ 837,277</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, 2021

Net change in fund balances of Governmental Funds \$ 191,189

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	140,963	
Depreciation expense reported on a government-wide basis	<u>(138,165)</u>	2,798

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. 144,194

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 49,925

Change in net position of governmental activities \$ 388,106

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

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 211,787	\$ 157,507	\$ 369,294
Receivables (net)	58,522	41,499	100,021
Total current assets	<u>270,309</u>	<u>199,006</u>	<u>469,315</u>
Restricted Assets:			
Cash and cash equivalents	276,143	174,162	450,305
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	-	28,835	28,835
Depreciable capital assets, net	<u>3,496,870</u>	<u>3,138,329</u>	<u>6,635,199</u>
Total assets	<u>4,043,322</u>	<u>3,540,332</u>	<u>7,583,654</u>
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	<u>33,456</u>	<u>11,432</u>	<u>44,888</u>
Total deferred outflows	<u>33,456</u>	<u>11,432</u>	<u>44,888</u>

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

TOWN OF NEW LLANO

Statement of Net Position

Proprietary Funds

June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts & other payables	9,408	1,050	10,458
Deposits due others	<u>133,222</u>	<u>-</u>	<u>133,222</u>
Total current liabilities	<u>142,630</u>	<u>1,050</u>	<u>143,680</u>
Liabilities Payable From Restricted Assets:			
Current portion of long-term debt	43,000	78,000	121,000
Noncurrent Liabilities:			
Long-term debt	710,619	506,000	1,216,619
Aggregate Net Pension Liability	<u>133,349</u>	<u>23,671</u>	<u>157,020</u>
Total liabilities	<u>1,029,598</u>	<u>608,721</u>	<u>1,638,319</u>
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	<u>13,704</u>	<u>4,683</u>	<u>18,387</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,743,251	2,583,164	5,326,415
Restricted:			
Debt Service	276,143	174,162	450,305
Unrestricted	<u>14,082</u>	<u>181,034</u>	<u>195,116</u>
Total net position (deficit)	<u>\$ 3,033,476</u>	<u>\$ 2,938,360</u>	<u>\$ 5,971,836</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, 2021

	Business-Type Activities		
	Water System	Sewer System	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 608,280	\$ 364,047	\$ 972,327
Other	42,815	-	42,815
Total operating revenues	<u>651,095</u>	<u>364,047</u>	<u>1,015,142</u>
<u>Operating Expenses:</u>			
Salaries and wages	121,529	56,315	177,844
Materials, supplies, and maintenance	43,273	69,168	112,441
Office operations	133,309	32,672	165,981
Payroll taxes and expenses	35,558	17,941	53,499
Vehicle and travel	25,570	11,874	37,444
Professional Fees	10,175	8,516	18,691
Insurance	23,356	4,624	27,980
Miscellaneous	21,638	1,352	22,990
Utilities and telephone	33,104	38,619	71,723
Depreciation	108,704	118,093	226,797
Total operating expenses	<u>556,216</u>	<u>359,174</u>	<u>915,390</u>
Operating Income (Loss)	94,879	4,873	99,752
<u>Nonoperating Revenues (Expenses):</u>			
Advalorem Taxes	-	15,016	15,016
Operating Grants	25,250	21,621	46,871
Interest income	222	-	222
Interest expense	<u>(27,288)</u>	<u>(22,332)</u>	<u>(49,620)</u>
Change in Net Position Before Capital Grants & Transfers	93,063	19,178	112,241
<u>Capital Grants & Transfers</u>			
Transfers in (out)	<u>(70,567)</u>	<u>74,801</u>	<u>4,234</u>
Change in Net Position	22,496	93,979	116,475
Total Net Position - Beginning	<u>3,010,980</u>	<u>2,844,381</u>	<u>5,855,361</u>
Total Net Position - Ending	<u>\$ 3,033,476</u>	<u>\$ 2,938,360</u>	<u>\$ 5,971,836</u>

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

TOWN OF NEW LLANO

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2021

	<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	\$ 659,795	\$ 362,064	\$ 1,021,859
Cash payments to suppliers of goods and services	(334,728)	(190,723)	(525,451)
Cash payments to employees for services	(121,529)	(56,315)	(177,844)
Net cash provided (used) by operating activities	<u>203,538</u>	<u>115,026</u>	<u>318,564</u>
<u>Cash flows from non-capital financing activities:</u>			
Advalorem taxes	-	15,016	15,016
Grant proceeds	25,250	21,621	46,871
Interfund activity	(1,253)	-	(1,253)
Operating transfers in (out)	(70,567)	74,801	4,234
Net cash provided (used) by non-capital financing activities	<u>(46,570)</u>	<u>111,438</u>	<u>64,868</u>
<u>Cash flows from capital and related financing activities:</u>			
Principal paid on capital debt	(41,000)	(76,000)	(117,000)
Interest paid on capital debt	(27,288)	(22,332)	(49,620)
Net cash provided (used) by capital and related financing activities	<u>(68,288)</u>	<u>(98,332)</u>	<u>(166,620)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	222	-	222
Net cash provided (used) by investing activities	<u>222</u>	<u>-</u>	<u>222</u>
Net increase (decrease) in cash	88,902	128,132	217,034
Beginning cash balance	<u>399,028</u>	<u>203,537</u>	<u>602,565</u>
Ending cash balance	487,930	331,669	819,599
Restricted cash	<u>276,143</u>	<u>174,162</u>	<u>450,305</u>
Cash and cash equivalents	<u>\$ 211,787</u>	<u>\$ 157,507</u>	<u>\$ 369,294</u>

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

TOWN OF NEW LLANO

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash provided (used) by operating</u>			
<u>activities</u>			
Operating income (loss)	\$ 94,879	\$ 4,873	\$ 99,752
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	108,704	118,093	226,797
(Increase) decrease in accounts receivable	1,984	(1,983)	1
(Decrease) increase in operating accounts payable	1,389	-	1,389
(Decrease) increase in customer deposits	6,716	-	6,716
(Decrease) increase in accrued salaries	-	-	-
(Decrease) increase in net pension liabilities	(10,134)	(5,957)	(16,091)
Net cash provided (used) by operating activities	<u>\$ 203,538</u>	<u>\$ 115,026</u>	<u>\$ 318,564</u>

Supplemental Disclosure of Cash Flow Information:

During the year ended June 30, 2021, 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, 2021

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.

Based upon the above criteria, the Town of New Llano has no component units for the year ended June 30, 2021.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

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 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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

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.

Delayed Revenues

Delayed revenues arise when resources are received by the town before it has a legal claim to them, as when monies are received before qualifying expenditures are incurred. In subsequent periods, when the town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

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, 2021

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, 2021, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 770,347	\$ 819,599	\$ 1,589,946
Petty Cash	100	----	100
Total Cash	770,447	819,599	1,590,046
Restricted Cash	269,738	450,305	720,043
Cash and Cash Equivalents	<u>\$ 500,709</u>	<u>\$ 369,294</u>	<u>\$ 870,003</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, 2021, the Town has \$1,693,531 collected bank balance. These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,893,229 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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

NOTE 3 – TAXES

Ad Valorem Taxes

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Vernon Parish. For the year ended June 30, 2021, the Town has levied ad valorem taxes as follows:

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

<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.	1.05
	<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, 2021, are as follows:

<u>Governmental Activities</u>	
	<u>General Fund</u>
<u>Accounts Receivable</u>	
Franchise Fees	\$ 24,610
Sales Taxes	66,336
Refund	30,000
Other	6,034
Total Receivables	<u>126,980</u>
Allowance for Doubtful Accounts	----
Receivables, net of allowance	<u>\$ 126,980</u>

During the year the Town paid a \$30,000 down payment on two new police vehicles. Due to the vehicles being unavailable for an extended period of time the down payment was refunded.

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

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	(4,930)	(---)	(4,930)
Total Utility Customer Receivables	<u>\$ 58,522</u>	<u>\$ 41,499</u>	<u>\$ 100,021</u>

NOTE 5 – CAPITAL ASSETS

A summary of the property and equipment at June 30, 2021, consists of the following:

	Non Depreciable Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
Land	\$ 279,284	\$ ---	\$ ---	\$ 279,284
Construction in progress	175,668	12,500	---	188,168
Total Governmental Activities	<u>\$ 454,952</u>	<u>\$ 12,500</u>	<u>\$ ---</u>	<u>\$ 467,452</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			
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
Buildings	\$ 1,479,210	\$ ---	\$ ---	\$ 1,479,210
Infrastructure	1,703,006	---	---	1,703,006
Improvements	2,055,347	128,463	---	2,183,810
Vehicles & Equipment	966,614	---	---	966,614
Total	6,204,177	128,463	---	6,332,640
Less Accumulated Depreciation	(2,592,017)	(138,165)	---	(2,730,182)
Total Governmental Activities	<u>\$ 3,612,160</u>	<u>\$ (9,702)</u>	<u>\$ ---</u>	<u>\$ 3,602,458</u>
	Capital Assets Being Depreciated			
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Business-Type Activities</u>				
<u>Water System</u>				
Water Distribution System	\$ 4,160,128	\$ ---	\$ ---	\$ 4,160,128
Vehicles & Equipment	158,748	---	---	158,748
Accumulated Depreciation	(713,302)	(108,704)	---	(822,006)
Total Water System	<u>3,605,574</u>	<u>(108,704)</u>	<u>---</u>	<u>3,496,870</u>

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer System				
Sewer Distribution System	4,733,664	----	----	4,733,664
Vehicles & Equipment	160,837	----	----	160,837
Accumulated Depreciation	(1,638,079)	(118,093)	----	(1,756,172)
Total Net of Depreciation	3,256,422	(118,093)	----	3,138,329
Total Business-Type	<u>\$ 6,861,996</u>	<u>\$ (226,797)</u>	<u>\$ ----</u>	<u>\$ 6,635,199</u>

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

General Government	\$ 36,980
Police Department	2,897
Fire Department	8,098
Streets, Drainage, & Recreation	90,190
Total Depreciation – Governmental Activities	<u>\$ 138,165</u>

Business-Type Activities:

Water	\$ 108,704
Sewer	118,093
Total Depreciation – Business-Type Activities	<u>\$ 226,797</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a summary of payables at June 30, 2021:

	<u>Salaries Payable</u>	<u>Payable To Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental Activities	\$ 22,344	\$ ----	\$ 3,370	\$ 25,714
Business-Type Activities				
Water Fund	\$ 4,813	\$ 4,595	\$ ----	\$ 9,408
Sewer Fund	1,050	----	----	1,050
Total Business-Type	5,863	4,595	----	10,458
Total	<u>\$ 28,207</u>	<u>\$ 4,595</u>	<u>\$ 3,370</u>	<u>\$ 36,172</u>

NOTE 7 – LONG TERM DEBT

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

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Revenue Bonds	\$ ----	\$ 1,211,619	\$ 1,211,619
Certificate of Indebtedness	277,000	----	277,000
General Obligation Bonds	327,000	126,000	453,000
Total Long-term Debt	604,000	1,337,619	1,941,619
Due Within One Year	(88,000)	(121,000)	(209,000)
Due in More Than One Year	\$ 516,000	\$ 1,216,619	\$ 1,732,619

Changes in the Town's long-term debt activity for the year ended June 30, 2021, is summarized as follows:

	Beginning Balance	Additions	Payments	Ending Balance
<u>Governmental Activities:</u>				
Certificate of Indebtedness	\$ 316,000	\$ ----	\$ 39,000	\$ 277,000
General Obligation Bonds	372,000	----	45,000	327,000
Total Governmental Activities	\$ 688,000	\$ ----	\$ 84,000	\$ 604,000
<u>Business-Type Activities:</u>				
<u>Water System</u>				
Revenue Bonds	\$ 794,619	\$ ----	\$ 41,000	\$ 753,619
Total Water System	794,619	----	41,000	753,619
<u>Sewer System</u>				
Sewer Revenue Bonds	517,000	----	59,000	458,000
General Obligation Bonds	143,000	----	17,000	126,000
Total Sewer System	660,000	----	76,000	584,000
Total Business-Type Activities	\$ 1,454,619	\$ ----	\$ 117,000	\$ 1,337,619

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. \$ 753,619

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. 458,000

Total Revenue Bonds \$ 1,211,619

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

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, 2021 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. \$ 277,000

General Obligation Bonds

The Town has issued general obligation bonds payable from property taxes levied in the manner provided by State Law. General obligation bonds outstanding at June 30, 2021 are described as follows:

\$775,000 General Obligation Refunding Bonds, Series 2007A dated August 1, 2007 with interest rates ranging from 1% to 6%. The bonds mature serially on March 1st of each year in amounts ranging from \$18,000 to \$62,000. Final maturity is scheduled for March 1, 2027, unless the Town elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2017. The bonds are secured by the full faith and credit of the Town and a special tax levied on property subject to taxation within the boundaries of the Town. \$ 327,000

\$300,000 General Obligation Refunding Bonds, Series 2007B dated August 1, 2007 with interest rates ranging from 1% to 6%. The bonds mature serially on March 1st of each year in amounts ranging from \$7,000 to \$24,000. Final maturity is scheduled for March 1, 2027, unless the Town elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2017. The bonds are secured by the full faith and credit of the Town and a special tax levied on property subject to taxation within the boundaries of the Town. 126,000

Total General Obligation Bonds \$ 453,000

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to June 30, 2021 are as follows:

TOWN OF NEW LLANO

Notes To Financial Statements

June 30, 2021

Governmental Activities:

	Principal Installments			
	Certificates of Indebtedness	General Obligations	Total	Interest
2022	\$ 41,000	\$ 47,000	\$ 88,000	\$ 26,441
2023	43,000	50,000	93,000	22,388
2024	45,000	53,000	98,000	18,424
2025	47,000	56,000	103,000	14,003
2026	49,000	59,000	108,000	9,299
2027-2028	52,000	62,000	114,000	4,287
Total Governmental	<u>\$ 277,000</u>	<u>\$ 327,000</u>	<u>\$ 604,000</u>	<u>\$ 94,842</u>

Business-type Activities

	Principal Installments				
	Water Revenue Bonds	Sewer Revenue Bonds	Sewer General Obligations	Total	Interest
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	47,000	65,000	22,000	134,000	34,016
2026	49,000	67,000	23,000	139,000	29,125
2027-2031	270,000	69,000	24,000	363,000	77,637
2032-2036	254,619	72,000	----	326,619	23,505
Total Business-Type	<u>\$ 753,619</u>	<u>\$ 458,000</u>	<u>\$ 126,000</u>	<u>\$ 1,337,619</u>	<u>\$ 291,595</u>

Total interest charged to expense for the year ended June 30, 2021 is \$49,620 for business type activities and \$30,097 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

TOWN OF NEW LLANO

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trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 218,815	\$ 64,963	\$ 26,610
Firefighters' Retirement System of Louisiana	100,632	42,890	15,856
Municipal Police Employees' Retirement System of Louisiana	<u>144,679</u>	<u>73,088</u>	<u>98,453</u>
Total	464,126	180,941	140,919
Portion Applicable to Governmental Activities	<u>307,106</u>	<u>136,053</u>	<u>122,532</u>
Portion Applicable to Business-Type Activities	<u>\$ 157,020</u>	<u>\$ 44,888</u>	<u>\$ 18,387</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.

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Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 268,596,718
Plan Fiduciary Net Position	177,974,097
Net Pension Liability	<u>90,622,621</u>
Town’s Proportionate Share (Percentage)	0.241457 %
Town’s Proportionate Share (Amount)	<u>\$ 218,815</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, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 241,688
Employer Contributions	(26,498)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	39,697
Changes in Benefit Terms	(25,000)
Employee Contributions	<u>(6,715)</u>
Changes in Deferred Outflows of Resources	(9,652)
Changes in Deferred Inflows of Resources	<u>5,295</u>
Ending Net Pension Liability	<u>\$ 218,815</u>

There were no changes between June 30, 2021 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	\$ ----	\$ 3,682	\$ (3,682)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	23,756	----	23,756
Changes of Assumptions	6,781	----	6,781
Changes in Proportion	----	22,928	(22,928)
Employer Contributions Made After the Measurement Date	<u>34,426</u>	----	<u>34,426</u>
Total Deferrals	64,963	26,610	38,353
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(34,426)</u>	----	<u>(34,426)</u>
Deferrals Subject to Amortization	<u>\$ 30,537</u>	<u>\$ 26,610</u>	<u>\$ 3,927</u>

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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, 2021	\$ (2,970)
June 30, 2022	(1,994)
June 30, 2023	5,412
June 30, 2024	<u>3,479</u>
Total	<u>\$ 3,927</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, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.95%
Projected Salary Increases	1 to 4 years of service 7.4% More than 4 years of service 4.9%
Inflation Rate	2.5%
Expected Remaining Service Lives	3 years
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set set equal to 120% for males and females with the full generational MP2018 scale.

The 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.

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Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53.0%	2.33%
Public Fixed Income	38.0%	1.67%
Alternatives	9.0%	0.40%
Totals	<u>100.00%</u>	<u>4.40%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 5.95% Discount Rate</u>	<u>Current Discount Rate 6.95%</u>	<u>1% Increase 7.95% Discount Rate</u>
Net Pension Liability	\$ 291,282	\$ 218,815	\$ 157,496

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.

TOWN OF NEW LLANO

Notes To Financial Statements

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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, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 3,180,974,031
Plan Fiduciary Net Position	2,256,740,977
Net Pension Liability	<u>924,233,054</u>
Town's Proportionate Share (Percentage)	0.015653%
Town's Proportionate Share (Amount)	<u>\$ 144,679</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, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 102,858
Employer Contributions	(15,750)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	23,279
Changes in Proportion	(90,840)
Employee Contributions	<u>(3,412)</u>
Changes in Deferred Outflows of Resources	34,889
Changes in Deferred Inflows of Resources	<u>93,655</u>
Ending Net Pension Liability	<u>\$ 144,679</u>

There were no changes between June 30, 2021 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ -----	\$ 5,699	\$ (5,699)
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	17,357	----	17,357
Changes of Assumptions	3,438	3,570	(132)
Changes in Proportion	26,757	89,184	(62,427)
Employer Contributions Made After the Measurement Date	<u>25,536</u>	<u>----</u>	<u>25,536</u>
Total Deferrals	73,088	98,453	(25,365)
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(25,536)</u>	<u>----</u>	<u>(25,536)</u>
Deferrals Subject to Amortization	<u>\$ 47,552</u>	<u>\$ 98,453</u>	<u>\$ (50,901)</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, 2021	\$ (58,993)
June 30, 2022	(7,369)
June 30, 2023	12,166
June 30, 2024	<u>3,295</u>
Total	<u>\$ (50,901)</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, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.95% net of investment expense
Expected Remaining Service Lives	2017-2020 - 4 Years Each
Inflation Rate	2.50 % per annum

Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	12.30%
	Above 2	4.70%

TOWN OF NEW LLANO

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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 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of 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, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard

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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 5.95% Discount	Current Discount Rate 6.95%	1% Increase 7.95% Discount
Net Pension Liability	\$ 203,259	\$ 144,679	\$ 95,709

Firefighters' Retirement System of Louisiana

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

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

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

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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, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,530,844,605
Plan Fiduciary Net Position	<u>1,837,689,661</u>
Net Pension Liability	693,154,944
Town’s Proportionate Share (Percentage)	<u>0.0145179%</u>
Town’s Proportionate Share (Amount)	<u><u>\$ 100,632</u></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, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 88,845
Employer Contributions	(10,057)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	15,253
Employee Contributions	<u>(4,068)</u>
Changes in Deferred Outflows of Resources	4,611
Changes in Deferred Inflows of Resources	<u>6,048</u>
Ending Net Pension Liability	<u><u>\$ 100,632</u></u>

There were no changes between June 30, 2021 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	\$ 11,082	\$ 6,438	\$ 4,644
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	-----	-----	-----
Changes of Assumptions	9,728	-----	9,728
Changes in Proportion	10,167	9,418	749
Employer Contributions Made After the Measurement Date	<u>11,913</u>	-----	<u>11,913</u>
Total Deferrals	42,890	15,856	27,034
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(11,913)</u>	-----	<u>(11,913)</u>
Deferrals Subject to Amortization	<u><u>\$ 30,977</u></u>	<u><u>\$ 15,856</u></u>	<u><u>\$ 15,121</u></u>

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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, 2021	\$ 2,518
June 30, 2022	2,762
June 30, 2023	4,655
June 30, 2024	2,759
June 30, 2025	1,906
June 30, 2026	<u>521</u>
Total	<u>\$ 15,121</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, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.0% per annum
Inflation Rate	2.5% per annum
Projected Salary Increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service.
Cost of Living Adjustments	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 2.5% as of June 30, 2020.

Best estimates of real rates of return for each major asset class included in the FRS target asset allocation as of June 30, 2020, 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	26.00%	5.72%
Non- U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Fixed Income	26.00%	1.00%

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Real Estate	6.00%	4.20%
Private Equity	9.00%	10.29%
Emerging Market Equity	6.00%	8.61%
Emerging Market Debt	5.00%	3.40%
	100.00%	

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.0% Discount Rate	Current Discount Rate 7.0%	1% Increase 8.0% Discount Rate
Net Pension Liability	\$ 145,362	\$ 100,632	\$ 63,296

NOTE 10 – RESTRICTED RESOURCES

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

- Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- The Town has received funds subject to the requirement that these resources be used only to promote economic development.

NOTE 11 – TRANSFERS

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

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	Operating Transfers In	Operating Transfers Out	Net
<u>Governmental Funds</u>			
General Fund	\$ -----	\$ 68,751	\$ (68,751)
Non-Major	64,517	----	64,517
Total Governmental Funds	<u>64,517</u>	<u>68,751</u>	<u>(4,234)</u>
<u>Business Type Funds</u>			
Water System	----	70,567	(70,567)
Sewer System	74,801	----	74,801
Total Business Type Funds	<u>74,801</u>	<u>70,567</u>	<u>4,234</u>
Total	<u>\$ 139,318</u>	<u>\$ 139,318</u>	<u>\$ ----</u>

NOTE 12 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2021, 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 13 – 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	\$ 10,044
Fire Department	<u>49,041</u>
Total	<u>\$ 59,085</u>

TOWN OF NEW LLANO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual- Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>	\$ 1,140,497	\$ 1,737,376	\$ 1,676,685	\$ (60,691)
<u>General Government:</u>	247,023	305,267	242,179	63,088
<u>Public Safety:</u>				
Police	404,780	499,625	429,958	69,667
Fire	534,346	572,616	516,200	56,416
Total public safety	<u>939,126</u>	<u>1,072,241</u>	<u>946,158</u>	<u>126,083</u>
<u>Streets, Drainage, & Recreation</u>	81,330	185,930	77,970	107,960
Capital Expenditures	<u>-</u>	<u>-</u>	<u>140,963</u>	<u>(140,963)</u>
Total Expenditures	<u>1,267,479</u>	<u>1,563,438</u>	<u>1,407,270</u>	<u>156,168</u>
Excess (deficiency) of revenues over expenditures	(126,982)	173,938	269,415	(95,477)
Other Sources (uses)				
Operating transfers in (out)	<u>127,370</u>	<u>(170,694)</u>	<u>(68,751)</u>	<u>(101,943)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and	<u>\$ 388</u>	<u>\$ 3,244</u>	<u>\$ 200,664</u>	<u>\$ (197,420)</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, 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%
June 30, 2019	0.2762%	251,688	189,615	132.7%	66.1%
June 30, 2020	0.2415%	218,815	222,119	98.5%	66.3%
Firefighters's Retirement System					
June 30, 2016	0.0142%	92,574	33,804	273.9%	68.2%
June 30, 2017	0.0145%	82,986	30,466	272.4%	73.5%
June 30, 2018	0.0128%	73,604	34,291	214.6%	74.8%
June 30, 2019	0.1418%	88,845	36,143	245.8%	74.0%
June 30, 2020	0.1452%	100,632	36,937	272.4%	72.0%
Municipal Police Employees' Retirement System					
June 30, 2016	0.0629%	589,849	126,521	466.2%	66.0%
June 30, 2017	0.0465%	406,192	60,176	675.0%	70.1%
June 30, 2018	0.0218%	184,451	37,200	495.8%	71.9%
June 30, 2019	0.1132%	102,858	45,822	224.5%	71.0%
June 30, 2020	0.0157%	144,679	75,663	191.2%	70.0%

Notes to Schedule:

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

TOWN OF NEW LLANO

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2016	27,885	24,485	3,400	253,497	9.66%
June 30, 2017	29,236	25,221	4,015	220,649	11.43%
June 30, 2018	29,407	29,408	(1)	210,049	14.00%
June 30, 2019	26,546	29,560	(3,014)	189,615	15.59%
June 30, 2020	34,426	26,498	7,928	222,119	11.93%
Firefighters's Retirement System					
June 30, 2016	8,535	8,696	(161)	33,804	25.72%
June 30, 2017	8,073	8,555	(482)	30,466	28.08%
June 30, 2018	9,087	8,093	994	34,291	23.60%
June 30, 2019	10,030	9,110	920	36,143	25.21%
June 30, 2020	11,913	10,057	1,856	36,937	27.23%
Municipal Police Employees' Retirement System					
June 30, 2016	40,171	52,004	(11,833)	126,521	41.10%
June 30, 2017	18,504	44,129	(25,625)	60,176	73.33%
June 30, 2018	11,997	19,819	(7,822)	37,200	53.28%
June 30, 2019	14,778	11,419	3,359	45,822	24.92%
June 30, 2020	25,536	15,750	9,786	75,663	20.82%

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, 2021**

	LCDBG	Debt Service		Non-Major Funds
		Town Hall Sinking Fund	Series 2007A	
Assets				
Cash & cash equivalents	\$ 733	\$ -	\$ -	\$ 733
Restricted Cash	-	72,221	197,517	269,738
Total assets	\$ 733	\$ 72,221	\$ 197,517	\$ 270,471
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund Balance				
Restricted				
Debt Service	-	-	197,517	197,517
Assigned to Debt Service	-	72,221	-	72,221
Unassigned	733	-	-	733
Total Fund Balances	733	72,221	197,517	270,471
Total Liabilities and Fund Balance	\$ 733	\$ 72,221	\$ 197,517	\$ 270,471

TOWN OF NEW LLANO

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Governmental Funds
Year Ended June 30, 2021**

	LCDBG	Debt Service		Non-Major Fund
		Town Hall Sinking Fund	Series 2007A	
Revenues:				
Ad Valorem Taxes	\$ -	\$ -	\$ 39,381	\$ 39,381
Miscellaneous	-	28	698	726
Total revenues	<u>-</u>	<u>28</u>	<u>40,079</u>	<u>40,107</u>
Expenditures:				
General Government	2	-	-	2
Debt Service	-	50,415	63,682	114,097
Total expenditures	<u>2</u>	<u>50,415</u>	<u>63,682</u>	<u>114,099</u>
Excess (deficiency) of revenues over expenditures	(2)	(50,387)	(23,603)	(73,992)
Other sources (uses)				
Operating transfers in (out)	-	60,000	4,517	64,517
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2)	9,613	(19,086)	(9,475)
Fund balance - beginning of year	<u>735</u>	<u>62,608</u>	<u>216,603</u>	<u>279,946</u>
Fund balance - end of year	<u>\$ 733</u>	<u>\$ 72,221</u>	<u>\$ 197,517</u>	<u>\$ 270,471</u>

TOWN OF NEW LLANO

Schedule of Compensation Paid to Board Members Year Ended June 30, 2021

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

TOWN OF NEW LLANO

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2021

Agency Head (Mayor) - Carolyn Todd

Purpose:

Compensation	\$	13,000
Benefits		-
Reimbursements		-

TOWN OF NEW LLANO

Justice System Funding Schedule - Collecting / Disbursing Entity as Required by Act 87 of the 2020 Regular Legislative Session For the Year Ended June 30, 2021

	First Six Month Period Ended December 31, 2020	Second Six Month Period Ended June 30, 2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected	<u>\$ -</u>	<u>\$ 8,516</u>
Add: Collections		
Criminal Court Costs/Fees	49,192	58,710
Criminal Fines - Contempt	25,522	40,585
Criminal Fines - Other	168,212	207,741
Services/Collection Fees	450	780
Pre-Trial Diversion Program Fees	2,631	5,547
Bond Fees	5,380	10,646
Other	<u>350</u>	<u>700</u>
 Subtotal Collections	<u>251,737</u>	<u>324,709</u>
 Less: Disbursements to Governments & Nonprofits		
Criminal Court Cost / Fees		
Louisiana Commission on Law Enforcement	1,639	2,162
CMIS Trial Court Case Management System	1,761	3,638
Louisiana Department of Health and Hospitals	2,686	3,467
North Louisiana Crime Lab	21,024	30,590
Louisiana Judicial college	365	516
Central Louisiana Juvenile Detention Facility	5,589	7,848
Leesville City Court	995	591
Thirtieth Judicial District Public Defenders Office	7,613	11,043
 Less: Amounts Retained by Town		
Town of New Llano, Criminal Court Cost/Fees	54,124	66,907
Town of New Llano, Criminal Fines	114,088	140,834
Town of New Llano, Contempt Fees	25,522	40,585
Town of New Llano, Bond Fees	4,332	8,220
Town of New Llano, Service/Collection Fees	450	780
Town of New Llano, Pre-Trial Diversion Program Fees	1,636	4,956
Town of New Llano, Other	1,047	1,348
 Less: Disbursements to Individuals /3rd Party Collection		
Other Disbursements To Individuals	<u>350</u>	<u>700</u>
 Subtotal Disbursements / Retainage	<u>243,221</u>	<u>324,185</u>
 Ending Balance of Amounts Collected but not Disbursed	<u>\$ 8,516</u>	<u>\$ 9,040</u>

Other Information:

Total Waivers During the Fiscal Period - -

TOWN OF NEW LLANO

**Justice System Funding Schedule - Receiving Entity as Required by Act 87 of the
2020 Regular Legislative Session
For the Year Ended June 30, 2021**

Cash Basis Presentation	First Six Month Period Ended December 31, 2020	Second Six Month Period Ended June 30, 2021
Receipts From:		
Leesville City Court	50	-
Ward One City Marshall	-	150
Louisiana Department of Motor Vehicles	<u>213</u>	<u>513</u>
Subtotal Receipts	<u>263</u>	<u>663</u>



November 1, 2021

**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, 2021, and the related notes to the financial statements, which collectively comprise the Town of New Llano's basic financial statements, and have issued our report thereon dated November 1, 2021.

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, MCKAY, AND WILLIS
Certified Public Accountants

Town of New Llano, Louisiana
Schedule of Findings and Response
For the Year Ended June 30, 2021

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, 2021, and for the year then ended expressed an unmodified opinion.
- No control deficiencies were disclosed during the audit of the financial statements. Accordingly, there were no material weaknesses.
- There were no instances of noncompliance material to the financial statements.

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

- There are no matters to report.

**Town of New Llano, Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2021**

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

Town of New Llano, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2021

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p><u>Finding 2020-001 – Budget Violation</u> Louisiana Revised Statutes require local governments to amend the budget if anticipated revenues and expenditures; when actual revenues and expenditures exceed an unfavorable variance by more than 5%. Management failed to properly budget transfers in to the general fund. As a result, the general fund revenues had variances outside the 5% range required by state law. We suggest carefully monitoring revenues and amending the budget accordingly when anticipated revenues are outside the ranges required by state law.</p>	<p><u>Resolved</u> Current budget variances were within limits permitted by State Law.</p>
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>N/A – There were no findings in this area.</p>	<p>Response - N/A</p>
SECTION III – MANAGEMENT LETTER	
<p>N/A – There were no findings in this area.</p>	<p>Response - N/A</p>