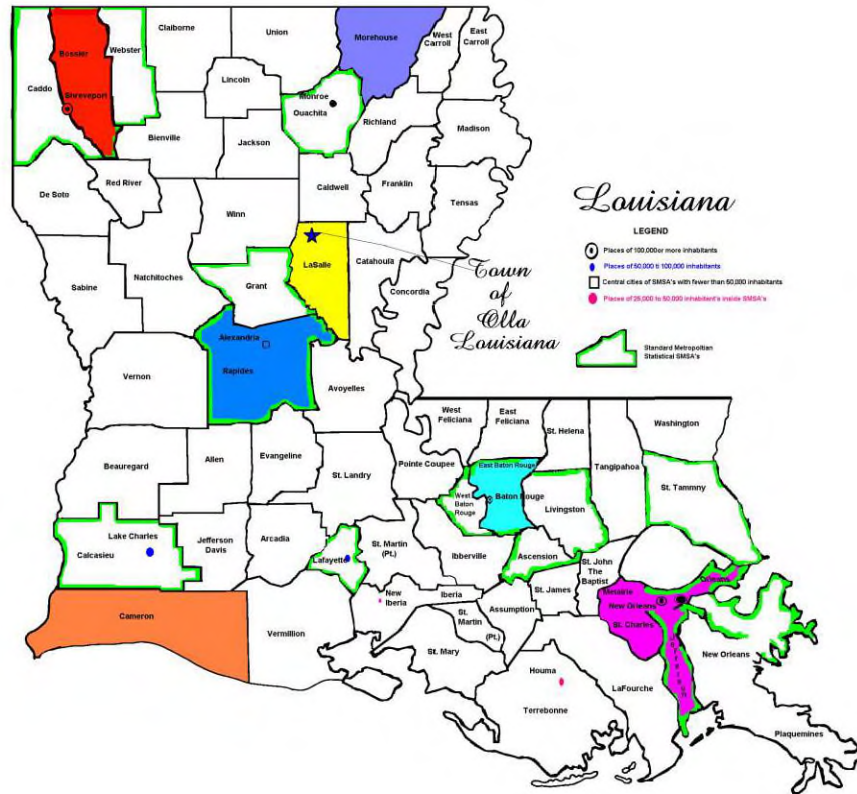


**TOWN OF OLLA, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2023**

# TOWN OF OLLA, LOUISIANA



The Town of Olla was incorporated under the Lawrason Act in August of 1899. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, sanitation, utilities (water and sewer services)/ and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

**TOWN OF OLLA, LOUISIANA**  
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John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathan@verchergroup.com

David R. Vercher M.B.A., C.P.A., C.F.E.  
david@verchergroup.com

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

**P.O. Box 1608  
1737 N 2<sup>nd</sup> St. – Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374**

### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable Rhonda Elliott, Mayor  
& Members of the Town Council  
Olla, Louisiana

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the discretely presented component unit of the Town of Olla, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Olla's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the discretely presented component unit of the Town of Olla, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinions**

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

##### **Responsibilities of Management for the Financial Statements**

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Emphasis of Matter**

As disclosed in the schedules and statements, the total net pension liability for the Town of Olla's Retirement Plans was \$488,561 as of June 30, 2023. The actuarial valuation was based on various assumptions made by the actuaries. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the net pension liability on June 30, 2023, could be under or overstated. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Olla's basic financial statements. The Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer, Justice System Funding Schedule and Capital Grants and Loans Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer, the Justice System Funding Schedule and the Capital Grants and Loans Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, on our consideration of the Town of Olla'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 solely 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 the effectiveness of the Town of Olla's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Olla's internal control over financial reporting and compliance.

*The Vercher Group*

Jena, Louisiana  
August 31, 2023

# TOWN OF OLLA

PO Box 223  
Olla, Louisiana 71465  
Tel: (318) 495-5151  
Fax: (318) 495-5152

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town, we offer readers of the Town of Olla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

#### *Governmental Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,133,132 (*net position*). This is a \$95,958 increase from last year.
- The Town had total revenue of \$1,118,904 in which \$351,290 came from fines, \$275,391 came from fees & charges, and \$47,000 came from grants. This is a \$39,549 increase from last year's revenues, mainly due to an increase in fines in the amount of \$55,363.
- The Town had total expenditures of \$847,457 which is a \$163,515 decrease from last year. The main cause for this decrease is due to a decrease in capital outlay expense in the amount of \$261,465.

#### *Enterprise Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$4,384,898 (*net position*). This is a \$509,853 increase from last year.
- The Town had total revenue of \$1,327,456, including operating revenues of \$1,017,326 and non-operating revenues of \$5,742. This is a \$234,004 increase from last year, mainly due to an increase in sales tax in the amount of \$60,039.
- The Town had total expenses of \$817,603 in which \$790,467 was operating expenses and \$20,256 was non-operating expenses. This is a \$66,650 increase from last year mainly due to an increase in operating/administrative water expense in the amount of \$27,222.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### Reporting the Town's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

## MD&A

### GOVERNMENTAL FUNDS

#### Comparative Statement of Net Position

Assets	2022	2023	% Change
Cash & Investments	\$ 856,588	\$ 1,138,261	32.9
Receivables	22,846	1,003,840	4293.9
Capital Assets, Net of Accumulated Depreciation	2,487,202	2,348,604	-5.6
<b>Total Assets</b>	<b>3,366,636</b>	<b>4,490,705</b>	<b>33.4</b>
<b>Deferred Outflows of Resources</b>	<b>177,397</b>	<b>225,260</b>	<b>27.0</b>
<b>Liabilities &amp; Net Position</b>			
Accounts, Salaries, & Other Payables	17,478	21,121	20.8
Accrued Interest	-0-	-0-	0.0
Bonds & Notes Payable	42,843	29,215	-31.8
Net Pension Liability	257,285	488,561	89.9
<b>Total Liabilities</b>	<b>317,606</b>	<b>538,897</b>	<b>69.7</b>
<b>Deferred Inflows of Resources</b>	<b>189,253</b>	<b>1,043,936</b>	<b>451.6</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,444,359	2,348,604	-3.9
Unrestricted	592,815	784,528	32.3
<b>Total Net Position</b>	<b>\$ 3,037,174</b>	<b>\$ 3,133,132</b>	<b>3.2</b>

#### Comparative Changes in Fund Balances

Revenues	2022	2023	% Change
Fees & Charges	\$ 213,512	\$ 275,391	29.0
Taxes	195,597	138,273	-29.3
Fines	295,927	351,290	18.7
Donations	4,490	8,772	95.4
Interest	1,062	4,550	328.4
Reimbursements	23,840	13,910	-41.7
Rental	204,001	205,531	0.7
Capital Grants	88,661	47,000	-47.0
Miscellaneous	52,265	74,187	41.9
<b>Total Revenues</b>	<b>1,079,355</b>	<b>1,118,904</b>	<b>3.7</b>
<b>Expenditures</b>			
General & Administrative	106,713	181,662	70.2
Police Expense	377,856	349,274	-7.6
Fire	95,370	60,475	-36.6
Street & Sanitation	63,974	88,961	39.1
Dixie Center	5,737	54,334	847.1
Commercial Building	40,764	51,135	25.4
Recreation Complex	11,273	11,084	-1.7
Debt Service	13,015	15,727	20.8
Capital Outlay	296,270	34,805	-88.3
<b>Total Expenditures</b>	<b>1,010,972</b>	<b>847,457</b>	<b>-16.2</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>68,383</b>	<b>271,447</b>	<b>297.0</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In/(Out)	(1,250)	6,880	650.4
<b>Total Other Financing Sources (Uses)</b>	<b>(1,250)</b>	<b>6,880</b>	<b>650.4</b>
<b>Net Change in Fund Balance</b>	<b>67,133</b>	<b>278,327</b>	<b>314.6</b>
<b>Prior Period Adjustment</b>	<b>48</b>	<b>-0-</b>	<b>-100.0</b>
<b>Fund Balances – Beginning</b>	<b>794,775</b>	<b>861,956</b>	<b>8.5</b>
<b>Fund Balances – Ending</b>	<b>\$ 861,956</b>	<b>\$ 1,140,283</b>	<b>32.3</b>

## MD&A

### ENTERPRISE FUNDS

#### Comparative Statement of Net Position

	2022	2023	% Change
<b>Assets</b>			
Cash & Investments	\$ 319,389	\$ 1,045,166	227.2
Receivables	65,033	66,888	2.9
Restricted Assets	882,499	525,014	-40.5
Capital Assets, Net of Accumulated Depreciation	3,541,749	3,631,631	2.5
<b>Total Assets</b>	<u>4,808,670</u>	<u>5,268,699</u>	9.6
<b>Liabilities and Net Position</b>			
Accounts, Salaries, & Other Payables	13,444	10,457	-22.2
Other Liabilities	64,510	63,775	-1.1
Bonds Payable	855,671	809,569	-5.4
<b>Total Liabilities</b>	<u>933,625</u>	<u>883,801</u>	-5.3
<b>Net Position</b>			
Net Investment in Capital Assets	2,686,078	2,822,062	5.1
Restricted For Debt Service	827,678	475,808	-42.5
Unrestricted	361,289	1,087,028	200.9
<b>Total Net Position</b>	<u>\$ 3,875,045</u>	<u>\$ 4,384,898</u>	13.2

#### Comparative Changes in Net Position

	2022	2023	% Change
<b>Operating Revenues</b>			
Water Sales	\$ 373,160	\$ 377,635	1.2
Sewer Charges	120,301	123,276	2.5
Sales Tax	285,770	345,809	21.0
Other	7,973	170,606	2039.8
<b>Total Operating Revenues</b>	<u>787,204</u>	<u>1,017,326</u>	29.2
<b>Operating Expenses</b>			
Operating/Administrative Water	331,611	358,833	8.2
Operating/Administrative Sewer	248,427	275,907	11.1
Depreciation	146,234	155,727	6.5
<b>Total Operating Expenses</b>	<u>726,272</u>	<u>790,467</u>	8.8
<b>Operating Income (Loss)</b>	<u>60,932</u>	<u>226,859</u>	272.3
<b>Non-Operating Revenues (Expenses)</b>			
Interest Earnings	-0-	5,742	100.0
Interest Expense	(24,681)	(20,256)	17.9
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(24,681)</u>	<u>(14,514)</u>	41.2
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<u>396,522</u>	<u>212,345</u>	-46.4
<b>Other Financing Sources (Uses)</b>			
DEQ Loan Forgiveness	52,773	-0-	-100.0
Transfers In/(Out)	1,250	(6,880)	-650.4
<b>Total Financing Sources (Uses)</b>	<u>54,023</u>	<u>(6,880)</u>	-650.4
<b>Capital Contributions</b>	<u>306,248</u>	<u>304,388</u>	-0.6
<b>Change in Net Position</b>	396,522	509,853	28.6
<b>Prior Period Adjustment</b>	(1)	-0-	100.0
<b>Total Net Position - Beginning</b>	3,478,524	3,875,045	11.4
<b>Total Net Position - Ending</b>	<u>\$ 3,875,045</u>	<u>\$ 4,384,898</u>	13.2

## MD&A

### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2023, the Town had \$2,348,604 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$127,505 decrease from last year.

#### Capital Assets at Year-End

	2022	2023
General *	\$ 3,248,300	\$ 3,273,380
Police	259,119	265,744
Fire*	698,331	701,431
Street & Sanitation	660,334	660,334
Recreation Complex	409,524	409,524
Accumulated Depreciation	(2,799,499)	(2,961,809)
<b>Total Capital Assets, Net</b>	<b>\$ 2,476,109</b>	<b>\$ 2,348,604</b>

\* Land in the amount of \$130,233 is not being depreciated.

#### *Capital Assets – Enterprise Fund*

At June 30, 2023, the Town had \$3,631,631 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is an \$89,882 increase from last year.

#### Capital Assets at Year-End

	2022	2023
Water & Sewer Systems	\$ 8,063,821	\$ 8,309,430
Accumulated Depreciation	(4,522,072)	(4,677,799)
<b>Total Capital Assets, Net</b>	<b>\$ 3,541,749</b>	<b>\$ 3,631,631</b>

### CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2023.

	Balance 6-30-2022	Additions	Reductions	Balance 6-30-2023
Revenue Bonds & Notes (Business-Type Activities)	\$ 855,671	\$ -0-	(46,101)	809,570
General Obligation Debt (Governmental Activities)	42,843	-0-	(13,629)	29,214
<b>Total</b>	<b>\$ 898,514</b>	<b>\$ -0-</b>	<b>(59,730)</b>	<b>838,784</b>

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show that the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Rhonda Elliott at the Town Hall, phone number (318) 495-5151.

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2023**

	PRIMARY GOVERNMENT			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 1,138,261	1,045,166	2,183,427	6,656
Investments	-0-	-0-	-0-	195,795
Receivables, Net of Allowances	23,143	66,888	90,031	-0-
Lease Receivables	188,313	-0-	188,313	-0-
<b>TOTAL CURRENT ASSETS</b>	<u>1,349,717</u>	<u>1,112,054</u>	<u>2,461,771</u>	<u>202,451</u>
<b>NON-CURRENT ASSETS</b>				
Lease Receivables	792,384	-0-	792,384	-0-
Restricted Assets	-0-	525,014	525,014	-0-
Capital Assets, Net of Accumulated Depreciation	2,348,604	3,631,631	5,980,235	-0-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,140,988</u>	<u>4,156,645</u>	<u>7,297,633</u>	<u>-0-</u>
<b>TOTAL ASSETS</b>	<u>4,490,705</u>	<u>5,268,699</u>	<u>9,759,404</u>	<u>202,451</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows – Municipal Employees’ Pension	80,997	-0-	80,997	-0-
Deferred Outflows – Municipal Police Pension	144,263	-0-	144,263	-0-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>225,260</u>	<u>-0-</u>	<u>225,260</u>	<u>-0-</u>
<b>CURRENT LIABILITIES</b>				
Accounts, Salaries, & Other Payables	21,121	10,457	31,578	-0-
<b>TOTAL CURRENT LIABILITIES</b>	<u>21,121</u>	<u>10,457</u>	<u>31,578</u>	<u>-0-</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Customer Deposits	-0-	60,670	60,670	-0-
Accrued Interest Payable	-0-	3,105	3,105	-0-
Current Bonds & Notes Payable	13,629	46,101	59,730	-0-
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<u>13,629</u>	<u>109,876</u>	<u>123,505</u>	<u>-0-</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds & Notes Payable	15,586	763,468	779,054	-0-
Net Pension Liabilities	488,561	-0-	488,561	-0-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>504,147</u>	<u>763,468</u>	<u>1,267,615</u>	<u>-0-</u>
<b>TOTAL LIABILITIES</b>	<u>538,897</u>	<u>883,801</u>	<u>1,422,698</u>	<u>-0-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows – Municipal Employees’ Pension	2,846	-0-	2,846	-0-
Deferred Inflows – Municipal Police Pension	60,393	-0-	60,393	-0-
Deferred Inflows—Leases	980,697	-0-	980,697	-0-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,043,936</u>	<u>-0-</u>	<u>1,043,936</u>	<u>-0-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,348,604	2,822,062	5,170,666	-0-
Restricted	-0-	475,808	475,808	-0-
Unrestricted	784,528	1,087,028	1,871,556	202,451
<b>TOTAL NET POSITION</b>	<u>\$ 3,133,132</u>	<u>4,384,898</u>	<u>7,518,030</u>	<u>202,451</u>

The accompanying notes are an integral part of this statement.

Statement B

**TOWN OF OLLA, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	PROGRAM REVENUES					NET (EXPENSE) REVENUE & CHANGES			Component Unit
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	Net (Expense) Revenue	Governmental Activities	Business-Type Activities	Total	
<b>GOVERNMENTAL ACTIVITIES</b>									
General Government	\$ (274,801)	-0-	47,000	-0-	(227,801)	(227,801)		(227,801)	(4,803)
Police	(408,525)	-0-	-0-	-0-	(408,525)	(408,525)		(408,525)	-0-
Fire	(90,766)	77,325	-0-	-0-	(13,441)	(13,441)		(13,441)	-0-
Streets & Sanitation	(129,347)	84,536	-0-	-0-	(44,811)	(44,811)		(44,811)	-0-
Dixie Center	(54,334)	-0-	-0-	-0-	(54,334)	(54,334)		(54,334)	-0-
Commercial Building	(51,135)	-0-	-0-	-0-	(51,135)	(51,135)		(51,135)	-0-
Recreation Complex	(31,790)	-0-	-0-	-0-	(31,790)	(31,790)		(31,790)	-0-
Interest on Long-Term Debt	(2,098)	-0-	-0-	-0-	(2,098)	(2,098)		(2,098)	-0-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>(1,042,796)</u>	<u>161,861</u>	<u>47,000</u>	<u>-0-</u>	<u>(833,935)</u>	<u>(833,935)</u>		<u>(833,935)</u>	<u>(4,803)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>									
Water & Sewer	(790,467)	523,424	435,451	-0-	168,408		168,408	168,408	-0-
Interest on Long-Term Debt	(20,256)	-0-	-0-	-0-	(20,256)		(20,256)	(20,256)	-0-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>(810,723)</u>	<u>523,424</u>	<u>435,451</u>	<u>-0-</u>	<u>148,152</u>		<u>148,152</u>	<u>148,152</u>	<u>-0-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ (1,853,519)</u>	<u>685,285</u>	<u>482,451</u>	<u>-0-</u>	<u>(685,783)</u>			<u>(685,783)</u>	<u>(4,803)</u>
			<b>GENERAL REVENUES:</b>						
			Fines & Penalties			351,290	-0-	351,290	-0-
			Taxes:						
			Ad Valorem Tax			61,227	-0-	61,227	-0-
			Sales Tax			8,569	345,809	354,378	-0-
			Other			68,477	-0-	68,477	-0-
			Donations			8,772	-0-	8,772	-0-
			Fees			113,530	-0-	113,530	-0-
			Reimbursements			13,910	-0-	13,910	-0-
			Investment Earnings			4,550	5,742	10,292	-0-
			Other General Revenues			292,883	17,030	309,913	6,458
			TRANSFERS IN/(OUT)			6,880	(6,880)	-0-	-0-
			<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>			<u>930,088</u>	<u>361,701</u>	<u>1,291,789</u>	<u>6,458</u>
			<b>CHANGE IN NET POSITION</b>			96,153	509,853	606,006	1,655
			<b>PRIOR PERIOD ADJUSTMENT</b>			(195)	-0-	(195)	-0-
			<b>NET POSITION-BEGINNING</b>			3,037,174	3,875,045	6,912,219	200,796
			<b>NET POSITION-ENDING</b>			<u>\$ 3,133,132</u>	<u>4,384,898</u>	<u>7,518,030</u>	<u>202,451</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2023**

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash & Cash Equivalents	1,138,261
Investments	-0-
Receivables (Net of Allowances for Uncollectible)	<u>1,003,840</u>
<b>TOTAL ASSETS</b>	<u><u>2,142,101</u></u>
 <b>LIABILITIES &amp; FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts, Salaries, & Other Payables	<u>21,121</u>
<b>TOTAL LIABILITIES</b>	<u>21,121</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow of Resources	<u>980,697</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>980,697</u>
 <b>FUND BALANCE</b>	
Committed-Fire	41,186
Unassigned	<u>1,099,097</u>
<b>TOTAL FUND BALANCE</b>	<u>1,140,283</u>
 <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	 <u><u>2,142,101</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**June 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 1,140,283
Capital assets and lease receivables used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Lease Receivables	980,697	
Capital Assets	5,310,413	
Accumulation Depreciation	<u>(2,961,809)</u>	2,348,604
Deferred outflows and inflows are not financial resources or currently payable.		
Deferred Outflows	225,260	
Deferred Inflows	<u>(63,239)</u>	162,021
Long-term liabilities including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(29,215)	
Accrued Interest	<u>-0-</u>	(29,215)
Long-term net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
	<u>(488,561)</u>	(488,561)
Net Position of Governmental Activities (Statement A)		\$ <u><u>3,133,132</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Fees & Charges	\$ 275,391
Taxes:	
Ad Valorem Tax	61,227
Sales Tax	8,569
Other	68,477
Fines	351,290
Donations	8,772
Interest	4,550
Reimbursements	13,910
Rental	205,531
Capital Grants	47,000
Miscellaneous	74,187
<b>TOTAL REVENUES</b>	<b>1,118,904</b>
 <b>EXPENDITURES</b>	
General & Administrative	181,662
Police Expense	349,274
Fire	60,475
Street & Sanitation	88,961
Dixie Center	54,334
Commercial Building	51,135
Recreation Complex	11,084
Debt Service	15,727
Capital Outlay	34,805
<b>TOTAL EXPENDITURES</b>	<b>847,457</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <b>271,447</b>
 <b>OTHER FINANCING SOURCES (USES):</b>	
Transfers In/(Out)	6,880
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,880</b>
 <b>NET CHANGE IN FUND BALANCE</b>	 <b>278,327</b>
 <b>FUND BALANCES--BEGINNING</b>	 <b>861,956</b>
<b>FUND BALANCES--ENDING</b>	<b>\$ 1,140,283</b>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2023**

Net Change in Fund Balances, Total governmental Funds, (Statement E) \$ 278,327

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

Capital Purchases	34,805
Depreciation Expense	(173,310)
Asset Impairment/Casualty	-0-
	-----

(138,505)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Issuance	-0-
Principal Paid	13,629
	-----

13,629

Net pension is reported in governmental funds as expenditure as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68. This the amount that the pension estimate defers from pension expenses paid in the current year.

Net Pension Expense	(70,463)
Pension Revenue	13,165
	-----

(57,298)

Changes in Net Position of Governmental Activities, (Statement B) \$ 96,153

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position, Proprietary Funds**  
**June 30, 2023**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 1,045,166
Investments	-0-
Receivables (Net of Allowances for Uncollectible)	66,888
<b>TOTAL CURRENT ASSETS</b>	<b>1,112,054</b>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	525,014
Capital Assets (Net of Accumulated Depreciation)	3,631,631
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,156,645</b>
<b>TOTAL ASSETS</b>	<b>5,268,699</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	10,457
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,457</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	
Customer Deposits	60,670
Accrued Interest Payable	3,105
Revenue Bonds Payable	46,101
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b>109,876</b>
<b>NON-CURRENT LIABILITIES</b>	
Revenue Bonds	763,468
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>763,468</b>
<b>TOTAL LIABILITIES</b>	<b>883,801</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,822,062
Restricted	475,808
Unrestricted	1,087,028
<b>TOTAL NET POSITION</b>	<b>\$ 4,384,898</b>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>ENTERPRISE FUNDS</b>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 377,635
Sewer Charges	123,276
Sales Tax	345,809
Other	170,606
<b>TOTAL OPERATING REVENUES</b>	<b>1,017,326</b>
<b>OPERATING EXPENSES</b>	
Operating/Administrative Water	358,833
Operating/Administrative Sewer	275,907
Depreciation	155,727
<b>TOTAL OPERATING EXPENSES</b>	<b>790,467</b>
<b>OPERATING INCOME (LOSS)</b>	<b>226,859</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Earnings	5,742
Interest Expense	(20,256)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(14,514)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>212,345</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In/(Out)	(6,880)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,880)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>304,388</b>
<b>CHANGE IN NET POSITION</b>	<b>509,853</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>3,875,045</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 4,384,898</b>

The accompanying notes are an integral part of this statement.



**TOWN OF OLLA, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2023**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers, Users, & Taxes	\$ 1,015,471
Payments to Employees	(428,070)
Payments to Suppliers	(210,392)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>377,009</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from (to) Other Funds	(6,880)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(6,880)</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Receipts from Capital Grants	304,388
Interest Paid on Capital Debt	(20,256)
Principal Paid on Revenue Bonds	(46,101)
Acquisition & Construction of Capital Assets	(245,609)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(7,578)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
(Increase) Decrease in Restricted Assets	357,484
Interest & Dividends Received	5,742
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>363,226</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>725,777</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>319,389</b>
<b>CASH - END OF YEAR</b>	<b>1,045,166</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>OPERATING INCOME/(LOSS)</b>	<b>226,859</b>
Depreciation Expense	155,727
(Increase) Decrease in Accounts Receivable	(1,855)
Increase (Decrease) in Accounts Payables	(2,987)
Increase (Decrease) in Customer Deposits	(735)
<b>TOTAL ADJUSTMENTS</b>	<b>150,150</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 377,009</b>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Olla was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Town of Olla conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

#### **Reporting Entity**

The Town is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the Town.

#### **The Cemetery Board**

The Cemetery Board was created to manage and maintain the Olla Cemetery. The board members are appointed by the Town of Olla, Louisiana and utilize the Town's facilities and assets. Therefore, the Cemetery Fund is considered a component unit of the Town of Olla, Louisiana.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of certain significant accounting policies:

#### A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund account for capital improvements to various projects of the town.

The municipality reports the following major proprietary fund:

- Enterprise Fund
  - Water Activities
  - Sewer Activities

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The Town has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- d. Assigned fund balance – amounts a government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

#### **D. FIXED ASSETS & LONG-TERM LIABILITIES**

For the year ended June 30, 2023, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

	<b>Life In Years</b>
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

The office has a capitalization policy of \$2,500.

**E. CASH & INVESTMENTS**

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end.

	<b>Southern Heritage</b>	<b>Catahoula LaSalle Bank</b>	<b>Concordia Bank</b>	<b>Total</b>
<b>Bank Balances</b>	\$ 2,673,581	-0-	53,473	2,727,055
<i>Secured As Follows</i>				
FDIC	354,991	-0-	53,473	408,464
Securities	2,357,310	-0-	-0-	2,357,310
Uncollateralized	-0-	-0-	-0-	-0-
<b>Total</b>	\$ 2,712,301	-0-	53,473	2,765,774

Deposits were fully secured as of June 30, 2023.

The Cemetery Board (Component Unit) holds the following investments:

	<b>Value At 6-30-2023</b>
CD's	\$ 193,500
33 Shares of First Energy at 38.88	1,237
60 Shares of Pacific Gas at \$16.86	599
<b>Total</b>	\$ 195,336

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent 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 Entity does not have a policy for custodial credit risk.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

**F. INVENTORIES**

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

**G. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND**

At June 30, 2023 the receivables were as follows:

	<b>Enterprise Fund</b>	<b>Governmental Fund</b>
	<b>Water &amp; Sewer Fund</b>	<b>General Fund</b>
Tax & License	\$ 18,837	10,049
Customer	88,991	13,094
Leases	-0-	980,697
Grants	-0-	-0-
Allowance for Bad Debts	(40,940)	-0-
<b>Total</b>	<b>\$ 66,888</b>	<b>1,003,840</b>

**H. LEASE RECEIVABLES**

The Town has analyzed the provisions of GASB Statement No. 87, Leases, and has concluded that there is a leasing arrangement which qualifies for disclosure under the new statement with the Town being the lessor.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The Town's Holloway building lease was signed April 19, 2023, with the state of Louisiana for 5 years at \$18,960 per month. The present value was calculated using the interest rate of 6%.

The building right of use asset (RUA) lease receivable and related deferred inflow was recorded at present value of payments which was calculated to be \$980,697 as of July 1, 2023.

	Holloway Building
RUA lease receivable, July 1, 2022	\$ -0-
Principal Payments Rec during fye	-0-
RUA lease receivable, June 30, 2023	\$ 980,697
Less Current portion	(188,313)
Long Term Portion RUA Lease Receivable	<u>\$ 792,384</u>
Deferred Inflows, July 1, 2022	\$ -0-
Amortized/Recognized Income during fye	-0-
Deferred Inflows, June 30, 2023	<u>\$ 980,697</u>

#### I. RESTRICTED NET POSITION

The Town records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

##### *Restricted for System Maintenance*

This amount represents monies restricted for repairs and replacement of the water system.

##### *Restricted - Revenue Bonds*

This amount represents monies restricted as required by the revenue bond indentures.

##### *Restricted for Debt Service*

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

#### 2. AD VALOREM TAXES

The Town levies taxes on real and business personal property located within its boundaries. The Town utilizes the services of the LaSalle Parish Tax Assessor to assess the property values and prepare the Town's property tax roll. The Town bills and collects its own property taxes.

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Property Tax Calendar**

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2023, taxes of 7.21 mills were levied against property having a valuation of some \$8,545,077, which produced some \$61,227 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>7.21</u>

**3. SALES TAX**

Levying within Town of Olla, State of Louisiana, a one percent (1%) sales and use tax, upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and on the sales of services; levying and providing for the assessment, collection, payment and dedication of such tax and the purpose for which the proceeds of said tax may be expended, said tax having been authorized at a special election held in the Town on Saturday, November 18, 1995.

**4. RESTRICTED ASSETS - PROPRIETARY FUND TYPES**

At June 30, 2023, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>
Bond Sinking/Reserve	\$ 94,943	327,112
Meter Deposit	61,664	-0-
Depreciation & Contingencies	14,435	26,860
<b>Total</b>	<u>\$ 171,042</u>	<u>353,972</u>

**5. FIXED ASSETS**

***Governmental Fund:***

A summary of governmental fund assets at June 30, 2023, is as follows:

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

	<b>Balance 6-30-2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2023</b>
General/Administrative *	\$ 3,248,300	\$ 25,080	-0-	3,273,380
Police	259,119	6,625	-0-	265,744
Fire *	698,331	3,100	-0-	701,431
Street & Sanitation	660,334	-0-	-0-	660,334
Recreation Complex	409,524	-0-	-0-	409,524
<b>Total Capital Assets</b>	<u>5,275,608</u>	<u>34,805</u>	<u>-0-</u>	<u>5,310,413</u>
Accumulated Depreciation	<u>(2,788,499)</u>	<u>(173,310)</u>	<u>-0-</u>	<u>(2,961,809)</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,487,109</u>	<u>\$ (138,505)</u>	<u>-0-</u>	<u>2,348,604</u>

\* Land in the amount of \$130,233 is not being depreciated.

Depreciation expense of \$173,310 for the year ended June 30, 2023, was charged to the following governmental functions:

General Government	\$ 69,006
Police	12,921
Fire	30,291
Streets & Sanitation	40,386
Recreation	20,706
<b>Total Depreciation</b>	<u>\$ 173,310</u>

***Property Enterprise Fund:***

A summary of enterprise fund property, plant and equipment at June 30, 2023, is as follows:

	<b>Balance 6-30-2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2023</b>
Water & Sewer Systems	\$ 8,063,821	\$ 245,609	-0-	8,309,430
Accumulated Depreciation	<u>(4,522,072)</u>	<u>(155,727)</u>	<u>-0-</u>	<u>(4,677,799)</u>
<b>Total Capital Assets, Net</b>	<u>\$ 3,541,749</u>	<u>\$ 89,882</u>	<u>-0-</u>	<u>3,631,631</u>

**6. CHANGES IN LONG-TERM DEBT**

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2023.

	<b>Balance 6-30-2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6-30-2023</b>
Revenue Bonds & Notes (Business-Type Activities)	\$ 855,671	\$ -0-	(46,101)	809,570
General Obligation Debt (Governmental Activities)	42,843	-0-	(13,629)	29,214
<b>Total</b>	<u>\$ 898,514</u>	<u>\$ -0-</u>	<u>(59,730)</u>	<u>838,784</u>

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

Bonds and installment notes payable at June 30, 2023, are comprised of the following individual issues:

**Revenue Bonds (Enterprise Fund)**

\$346,000 Sales Tax Revenue Bonds dated 8/1/2011; due in annual installments of \$18,405 to \$32,927 through August 1, 2029; interest at 4.5% \$ 114,000

\$115,000 Water Revenue Bonds Dated 4/01/2013 through 10/01/2027; due in annual installments of \$10,976 to \$10,857 and interest on \$97,750 at 5% and interest on \$17,250 at 0.0% 49,780

\$479,985 Water Revenue Bonds dated 07/01/2014 -01/01/2034 due in annual installments of \$20,267-\$24,354 at 2.95% interest on \$350,000 and 5% on \$85,000; due in annual installments of \$13,250 - \$17,250. 233,289

\$369,505 Sewer Revenue Bonds dated 06/15/2021 through 08/01/2040 due in annual installments of \$2,000 to \$29,000 at 0.45% interest. 412,500

**General Obligation Note (Governmental Activities)**

\$70,300 Fire Dept Bonds dated 07/01/2020 through 09/01/2024 due in annual installments of \$15,650 at an annual interest rate of 4.7% 29,215

**Total** \$ 838,784

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments, are as follows:

<b>Year Ending June 30,</b>	<b>\$70,300 Fire Dept. Bonds</b>	<b>\$369,505 Sewer Revenue Bonds</b>	<b>346,000 Sales Tax Revenue Bonds</b>	<b>\$115,000 Water Revenue Bonds</b>	<b>\$479,985 Water Revenue Bonds</b>	<b>Total</b>
2024	14,795	11,377	18,423	10,654	26,045	81,294
2025	15,558	11,301	18,815	10,644	25,428	81,746
2026	-0-	11,225	19,163	10,633	25,806	66,827
2027	-0-	11,149	19,465	10,622	26,151	67,387
2028	-0-	11,073	18,815	10,610	25,461	65,959
2029-2033	-0-	107,464	38,148	-0-	103,599	249,211
2034-2038	-0-	155,594	-0-	-0-	51,862	207,456
2039-2043	-0-	63,813	-0-	-0-	-0-	63,813
	<u>\$ 30,353</u>	<u>382,996</u>	<u>132,829</u>	<u>53,163</u>	<u>284,352</u>	<u>883,693</u>

Under the terms of the bond indenture on outstanding Water Revenue Bonds dated December 4, 1979, earnings of the waterworks system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Waterworks Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Waterworks Reserve Fund" 5% of the amount paid into the Sinking Fund until such time as there has been accumulated there in the sum of \$18,750. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund. As of June 30, 2010 the Town of Olla had set aside the maximum required amount into this "Waterworks Reserve Fund".
- (d) There will also be set aside into a "Waterworks Depreciation and Contingency Fund" \$63 per month. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Under the terms of the bond indenture on outstanding Sales Tax Revenue Bonds dated March 10, 2011, the following funds are to be established and/or maintained by the Town pursuant to the Bond Ordinance:

- the “Sales Tax Account” (the Sales Tax Fund”); and
  - the “Sales Tax Refunding Bond and Interest Sinking Fund” (the “Sinking Fund”).
- (a) As more fully provided in the ordinance authorizing the levy of the Tax, all of the avails or proceeds of the Tax shall be deposited from time to time as the same may be collected in the Sales Tax Fund, a separate and special bank account established and maintained by the Town with the regularly designated fiscal agent of the Town, pursuant to the Bond Ordinance. Out of the proceeds of the Tax on deposit in the Sales Tax Fund, after the reasonable and necessary costs of collecting and administering the Tax have been paid, moneys are to be transferred to the Sinking Fund as provided in the Bond Ordinance.
- (b) The Sinking Fund will each be used by the Town with respect to the Bonds and any pari passu additional bonds which may be hereafter issued by the Town pursuant to the terms of the Bond Ordinance (“Additional Parity Bonds”). For the purposes of this arbitrage certificate, all references to the Sinking Fund shall be deemed to refer only to that portion of the fund which is allocable to the bonds and not to any moneys in said fund which are to be used with respect to any additional parity bonds which may be hereafter issued. However, until the issuance of any Additional Parity Bonds, all moneys in the Sinking Fund are allocable to the Bonds.
- (c) The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the Bonds as shown on Exhibit A hereto, and any additional Parity Bonds within each Bond Year. For purposes of this Non-Arbitrage Certificate and compliance with the Arbitrage Regulations “Bond Year” shall mean the 1-year period ending on each principal payment date, which is August 1 of each year. Amounts transferred from the Sales Tax Fund and deposited in the Sinking Fund will be applied to the payment of principal or interest on the bonds payable there from in the year of their receipt. All other amounts deposited in the Sinking Fund will be depleted at least once each Bond Year, except for a reasonable carryover amount which will not exceed the greater of (i) the earnings on the Sinking Fund for the immediately preceding Bond Year, or (ii) 1/12 of the principal and interest payments on the Bonds and any Additional Parity Bonds for the immediately preceding Bond Year. Under the Bond Ordinance, the Issuer is required to make monthly deposits into the Sinking Fund, as shown on Exhibit B hereto, in such a manner as to accumulate in such fund the amounts payable on the bonds payable there from on any interest payment date. It is not expected that any amounts will remain in the Sinking Fund after all payments in a Bond Year have been made there from.

Under the certificates of indebtedness series 2010 and series 2013, a sinking fund shall be established with a requirement that 1/12 of the annual debt service (approximately \$3,458) of both series will be deposited into a “sinking fund” each month for the purpose of servicing or paying the annual principal and interest of such indebtedness.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Under the certificates of indebtedness series 2013, Public Improvement Bonds, a sinking fund shall be established with a requirement that 1/12 of the annual debt service (approximately \$7,320) of the series will be deposited into a “sinking fund” each month for the purpose of servicing or paying the annual principal and interest of such indebtedness.

At June 30, 2023, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Revenue Reserve Funds	\$	525,014
Current Bonds Payable and Accrued Interest		(49,206)
Total Restricted Net Position	\$	<u>475,808</u>

#### 7. PENSION PLAN

Substantially all employees of the Town of Olla are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustee. Pertinent information relative to each plan follows:

##### *A. Municipal Employees Retirement System of Louisiana (System)*

The Municipal Employees' Retirement System of Louisiana (System) was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system, and which elect to become members of the System. Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the “regular plan” and the “supplemental plan” were replaced and are now known as Plan “A” and Plan “B”. Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

##### **Note 1-Summary of Significant Accounting Policies**

The System prepares its employer pension schedules in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employers' proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

A. Basis of Accounting

The System's employer pension schedules are prepared using the accrual basis of accounting. Employer contributions, on which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

B. Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates and assumptions primarily relate to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates in the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

C. System Employees

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

D. Use of Estimates

The preparation of schedules of employer allocations and pension amounts by employer in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

#### **Note 2-Plan Description**

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least six years creditable service and who are elected to office in accordance with the Louisiana Election Code, two of whom shall be active and contributing members of the System with at least six years creditable service and who are not elected officials; one of whom shall be a retired member of the System; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Committee on Retirement; one of whom shall be a member of the House Committee on Retirement appointed by the Speaker of the House; the Commissioner of Administration; and the State Treasurer.

The System is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 2-Plan Description (Continued)**

**Plan Membership**

For the year ended June 30, 2022, there were 88 contributing municipalities in Plan A and 70 in Plan B. At June 30, 2022, statewide retirement membership consists of the following:

<b><u>Plan A</u></b>	<b><u>Plan A</u></b>	<b><u>Plan B</u></b>	<b><u>Total</u></b>
Inactive plan members or beneficiaries receiving benefits	3 , 7 3 2	1 , 1 5 9	4 , 8 9 1
Inactive plan members entitled to but not yet receiving benefits	3 , 7 7 5	1 , 9 3 6	5 , 7 1 1
Active plan members	<u>4 , 5 1 3</u>	<u>1 , 9 9 7</u>	<u>6 , 5 1 0</u>
Total participants as of the valuation date	1 2 , 0 2 0	5 , 0 9 2	1 7 , 1 1 2

**Plan eligibility and benefits are as follows:**

A. Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

B. Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

C. Retirement Benefits

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### Note 2-Plan Description (Continued).

##### C. Retirement Benefits (Continued)

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 2-Plan Description (Continued)**

**B. Retirement Benefits (Continued)**

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**C. Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon the death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### Note 2-Plan Description (Continued)

##### D. DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

##### E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### Note 3-Contributions

##### F. Cost of Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

##### G. Deferred Benefits

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions for all members are established by statute. For the year ended June 30, 2022, member contributions were at 10.00% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2022, the employer contribution rate was 29.50% of member's earnings for Plan A and employer contribution rate was 15.50% of member's earnings for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the System and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the System are financed through employer contributions.

#### Note 5-Schedule of Pension Amounts by Employer

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 6-Actuarial Methods and Assumptions**

*Net Pension Liability*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers for Plan A as of June 30, 2022, are as follows:

Total pension liability	1,292,471,340
Less plan fiduciary net position	<u>(877,147,955)</u>
Employers' net pension liability	<u>\$ 415,323,385</u>
 lan fiduciary net position as a percentage of the total pension liability	 67.87%

The components of the net pension liability of the System's employers for Plan B as of June 30, 2022, are as follows:

Total pension liability	\$ 288,388,827
Less plan fiduciary net position	<u>(200,590,478)</u>
Employers' net pension liability	<u>\$ 87,798,478</u>
 lan fiduciary net position as a percentage of the total pension liability	 69.56%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### Note 6-Actuarial Methods and Assumptions (Continued)

##### *Net Pension Liability (Continued)*

Salary increases, including inflation and merit increases:

1 to 4 years of service	6.4% - Plan A and 7.4% - Plan B
More than 4 years of service	4.5% - Plan A and 4.9% - Plan B

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 equal to 120% for males and females with the full generational MP2018 scale.

##### *Discount Rate*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 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%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	<u>100%</u>	4.35%
Inflation Expected Arithmetic		<u>2.60%</u>
Nominal Return		<u>6.95%</u>



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 6-Actuarial Methods and Assumptions (Continued)**

*Discount Rate (Continued)*

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 7-Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in net pension liability from changes in the discount rate as of June 30, 2022, for Plan A are as follows:

Changes in Discount Rate

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Net pension liability	<u>\$ 552,461,130</u>	<u>\$ 415,323,385</u>	<u>\$ 299,446,282</u>

Changes in net pension liability from changes in the discount rate as of June 30, 2022, for Plan B are as follows:

Changes in Discount Rate

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Net pension liability	<u>\$ 119,685,823</u>	<u>\$ 87,798,349</u>	<u>\$ 60,829,104</u>

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 8-Changes in Net Pension Liability**

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience in regards to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

The changes in the net pension liability for the year ended June 30, 2022 were recognized in the current reporting period as pension expense except as follows:

*Differences Between Expected and Actual Experience*

The differences between expected and actual experience for Plan A and Plan B resulted in deferred inflows and outflows of resources and pension expense (benefit) as of June 30, 2022 as follows:

Plan A					
June 30, 2022					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2022	\$ 735,732	\$ -0-	\$ 245,243	\$ 490,489	\$ -0-
2021	-0-	3,180,709	(1,590,356)	-0-	1,590,353
2020	100,237	-0-	100,237	-0-	-0-
				\$ 490,489	\$ 1,590,353

Plan B					
June 30, 2022					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2022	\$ -0-	\$ 84,183	\$ (28,061)	\$ -0-	\$ 56,122
2021	-0-	2,122,090	(1,061,044)	-0-	1,061,046
2020	-0-	268,562	(268,562)	-0-	-0-
				\$ -0-	\$ 1,117,168

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 8-Changes in Net Pension Liability (Continued)**

*Net Differences Between Projected and Actual Earnings on Pension Plan Investments*

The differences between projected and actual investment earnings for Plan A and Plan B resulted in net deferred inflows of resources and pension expense (benefit) as of June 30, 2022, as follows:

				Plan A		
				June 30, 2022		
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Inflows</u>
2022	\$ 165,706,954	\$ -0-	\$ 33,141,391	\$ 132,565,563	\$ -0-	\$ 132,565,563
2021	-0-	106,112,632	(26,528,159)	-0-	79,584,473	(79,584,473)
2020	18,971,931	-0-	6,323,978	12,647,953	-0-	12,647,953
2019	6,958,106	-0-	3,479,053	3,479,053	-0-	3,479,053
2018	1,813,430	-0-	1,813,430	-0-	-0-	-0-
				\$ 148,692,569	\$ 79,584,473	\$ 69,108,096

				Plan B		
				June 30, 2022		
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Inflows</u>
2022	\$ 36,210,804	\$ -0-	\$ 7,242,162	\$ 28,968,642	\$ -0-	\$ 28,968,642
2021	-	22,005,651	(5,501,413)	-	16,504,238	(16,504,238)
2020	4,323,100	-0-	1,441,035	2,882,065	-0-	2,882,065
2019	1,600,844	-0-	800,422	800,422	-0-	800,422
2018	426,467	-0-	426,467	-0-	-0-	-0-
				\$ 32,651,129	\$ 16,504,238	\$ 16,146,891



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 8-Changes in Net Pension Liability (Continued)**

*Changes in Assumptions or Other Inputs*

The changes in assumptions for Plan A and Plan B resulted in deferred outflows of resources and pension expense as of June 30, 2022, as follows:

Plan A					
June 30, 2022					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 8,047,068	\$ -0-	\$ 4,023,534	\$ 4,023,534	\$ -0-
2020	2,117,632	-0-	2,117,632	-0-	-0-
				\$ 4,023,534	\$ -0-

Plan B					
June 30, 2022					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 1,877,722	\$ -0-	\$ 938,863	\$ 938,859	\$ -0-
2020	466,700	-0-	466,700	-0-	-0-
				\$ 938,859	\$ -0-

*Changes in Proportion*

Changes in the employers' proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employers' pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employers' proportionate shares are presented in the schedule of pension amounts by employer as deferred outflows or deferred inflows as of June 30, 2022.

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 9-Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Note 10-Disaggregated Pension Amounts—Municipal Pension Plan B**

	<u>Amounts from the 2022 Employer Pension Report</u>	<u>2023 Employer Specific Amounts</u>	<u>2023 Total Pension Amounts</u>
Net Pension Liability	\$ 223,592	\$ -	\$ 223,592
<i>Deferred Outflows of Resources Related to Pensions:</i>			
Deferred Outflows -	\$ 56,798	(29,578)	\$ 27,220
		-	-
		-	-
		-	-
Deferred Outflows - Contributions Subsequent to Measurement Date	-	26,554	26,554
<i>Deferred Inflows of Resources Related to Pensions:</i>			
Deferred Inflows -	\$ 2,846	\$ -	\$ 2,846
		-	-
		-	-
		-	-
Pension Expense	\$ 52,917	(2,230)	\$ 50,687
Revenue	\$ 7,399	\$ -	\$ 7,399

**Notes:**

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### Note 11-Retirement System Audit Report

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the report can be found on the System's website, [www.mersla.com](http://www.mersla.com), or on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

#### 7. PENSION PLAN (Continued)

##### *B. Municipal Police Employees Retirement System of Louisiana (System)*

The Municipal Police Employees' Retirement System (System) is a cost-sharing, multiple- employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

#### Note 1 -Summary of Significant Accounting Policies

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

##### A. Basis of Accounting

The System's employer pension schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

##### B. System Employees

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

##### C. Pension Amount Netting

The deferred outflows and deferred inflows of resources resulting from differences between projected and actual earnings on pension plan investments that were recorded in different years were



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows were not presented on a net basis.

#### D. Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

#### **Note 2 – Plan Description**

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

#### A. Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3½% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

#### **Note 2 – Plan Description (Continued)**

##### B. Membership Prior to January 1, 2013 (Continued)

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

##### C. Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

#### **Note 2 – Plan Description (Continued)**

##### D. Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

##### E. Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Statutes should be read for more detail on eligibility and benefit provisions.



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 3 – Employer Contributions**

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2022, total contributions due from employers and employees were as follows:

	<u>Employee</u>	<u>Contribution Rates</u>	
		<u>Employer</u>	Total
Members hired prior to 1/1/2013	10.00%	29.75%	39.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	29.75%	39.75%
Non-Hazardous Duty Members hired after 1/1/2013	8.00%	29.75%	37.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	32.25%	39.75%

A. Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022, and excluded from pension expense.

**Note 4 – Schedule of Employer Allocations**

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of the Municipal Police Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2022, as compared to the total of all employers' contributions to the System during the year ended June 30, 2022.

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 5 – Schedule of Pension Amounts by Employer**

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

**Note 6 – Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers as of June 30, 2022, are as follows:

Total Pension Liability	\$ 3,500,495,219
Plan Fiduciary Net Position	<u>(2,478,317,694)</u>
Total Collective Net Pension Liability	<u>\$ 1,022,177,525</u>

The actuarial assumptions used in the June 30, 2022, valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future expense.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.750%, net of investment expense	
Expected Remaining Service lives	2022 - 4 years	
	2021 - 4 years	
	2020 - 4 years	
	2019 - 4 years	
Inflation Rate	2.50%	
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 OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 6 – Actuarial Methods and Assumptions (Continued)**

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

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

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

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

Cost-of-Living Adjustments

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	June 30. 2022 Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60 %
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Return		8.06%



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 6 – Actuarial Methods and Assumptions (Continued)**

The discount rate used to measure the total pension liability was 6.750%. 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.

**Note 7 – Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 5.750%, or one percentage point higher, 7.750%, than the current rate as of June 30, 2022.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease 5.750%	Discount Rate 6.750%	Increase 7.750%
Net Pension Liability	<u>1,430,852,784</u>	<u>1,022,177,525</u>	<u>680,798,381</u>

**Note 8 – Change in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2022, were recognized in the current reporting period as pension expense except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2022, as follows:

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 8 – Change in Net Pension Liability (Continued)**

				June 30, 2022	
	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Pension Expense <u>(Benefit)</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
2022	\$ 6,721,815	\$ -0-	\$ 1,680,454	\$ 5,041,361	\$ -0-
2021	-0-	1,328,565	(442,855)	-0-	885,710
2020	-0-	14,890,762	(7,445,381)	-0-	7,445,381
2019	-0-	197,116	(197,116)	-0-	-0-
			Total	\$ <u>5,041,361</u>	\$ <u>8,331,091</u>

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred inflow of resources as of June 30, 2022, as follows:

							June 30, 2022	
	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Pension Expense <u>(Benefit)</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Net Deferred <u>Inflows</u>		
2022	\$ 478,619,357	\$ -0-	\$ 95,723,871	\$ 382,895,486	\$ -0-	\$ 382,895,486		
2021	-0-	352,999,528	(85,749,882)	-0-	257,249,646	(257,249,646)		
2020	63,171,877	-0-	21,057,292	42,114,585	-0-	42,114,585		
2019	29,460,849	-0-	14,730,425	14,730,424	-0-	14,730,424		
2018	1,472,262	-0-	1,472,263	\$ -0-	\$ -0-	\$ -0-		
			Total	<u>439,740,495</u>	<u>257,249,646</u>	<u>182,490,849</u>		

*Changes of Assumptions or Other Inputs:*

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2022, as follows:



**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 8 – Change in Net Pension Liability (Continued)**

	Deferred Outflows	Deferred Inflows	June 30, 2022		
			Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2022	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
2021	52,889,131	-0-	17,629,711	35,259,420	-0-
2020	-0-	15,205,808	(7,602,905)	-0-	7,602,903
2019	6,143,843	-0-	6,143,843	-0-	-0-
Totals			16,170,649	35,259,420	7,602,903

*Changes in Proportion:*

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employer's proportionate shares are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of June 30, 2022.

**Note 9 – Contributions – Proportionate share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Note 10 – Retirement System Audit Report**

The Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Note 11 - Estimates**

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

**Note 12 – Disaggregated Pension Amounts**

	<b>Amounts from the 2022 Employer Pension Report</b>	<b>2022 Employer Specific Amounts</b>	<b>2023 Total Pension Amounts</b>
Net Pension Liability	\$ 264,969	\$	\$ 264,969
<i>Deferred Outflows of Resources Related to Pensions:</i>			
Deferred Outflows	\$ 117,302	\$ (24,808)	\$ 92,494
Deferred Outflows - Contributions Subsequent to Measurement Date		\$ 26,554	\$ 26,554
<i>Deferred Inflows of Resources Related to Pensions:</i>			
Deferred Inflows	\$ 60,393	\$	\$ 60,393
Pension Expense	\$ 72,018	\$ 967	\$ 72,985
Revenue	\$ 5,766	\$	\$ 5,766

**TOWN OF OLLA, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**10. COMMITTED FUND BALANCE**

General Fund Assets of \$41,186 are committed to the Fire Department by ordinance.

**11. TRANSFERS**

No transfers of funds were made among the general and enterprise funds.

**12. SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, August 31, 2023, of the independent auditor's report for potential recognition or disclosure in the financial statements.

**13. PRIOR PERIOD ADJUSTMENT**

Prior period adjustment of (\$195) was made to correct deferred outflows.

**REQUIRED SUPPLEMENTAL INFORMATION**



## TOWN OF OLLA, LOUISIANA

**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**Governmental Fund**  
**For the Year Ended June 30, 2023**

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
<b>REVENUES</b>				
Fees & Charges	\$ 282,550	\$ 262,859	\$ 275,391	\$ 12,532
Taxes	64,850	70,905	138,273	67,368
Fines	267,000	318,000	351,290	33,290
Donations	4,790	8,245	8,772	527
Interest	900	2,300	4,550	2,250
Reimbursements	30,200	19,700	13,910	(5,790)
Rental	204,000	171,700	205,531	33,831
Grants	44,105	50,642	47,000	(3,642)
Miscellaneous	43,325	54,761	74,187	19,426
<b>TOTAL REVENUES</b>	<u>941,720</u>	<u>959,112</u>	<u>1,118,904</u>	<u>159,792</u>
<b>EXPENDITURES</b>				
General & Administrative	204,157	215,433	181,662	33,771
Police Expense	292,663	366,725	349,274	17,451
Fire	102,224	96,496	60,475	36,021
Street & Sanitation	69,613	95,283	88,961	6,322
Dixie Center	6,655	73,305	54,334	18,971
Commercial Building	39,550	52,867	51,135	1,732
Recreation Complex	11,900	12,600	11,084	1,516
Debt Service	-0-	-0-	15,727	(15,727)
Capital Outlay	-0-	-0-	34,805	(34,805)
<b>TOTAL EXPENDITURES</b>	<u>726,762</u>	<u>912,709</u>	<u>847,457</u>	<u>65,252</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	214,958	46,403	271,447	225,044
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In/(Out)	<u>-0-</u>	<u>-0-</u>	6,880	6,880
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-0-</u>	<u>-0-</u>	<u>6,880</u>	<u>6,880</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 214,958</u>	<u>\$ 46,403</u>	278,327	<u>\$ 231,924</u>
<b>PRIOR PERIOD ADJUSTMENT</b>				
<b>FUND BALANCE - BEGINNING</b>			861,956	
<b>FUND BALANCE - ENDING</b>			<u>\$ 1,140,283</u>	

The accompanying notes are an integral part of this statement.

## TOWN OF OLLA, LOUISIANA

**Schedule of the Town's Proportionate Share of the Net Pension Liability  
Louisiana Municipal Employees' Retirement System**

<u>Year</u>	<u>Town's Proportion of the Net Position Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered- Employee Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2016	0.05%	\$170,383	\$226,763	75.14%	68.71%
2017	0.26%	\$215,442	\$210,100	102.54%	63.34%
2018	0.21%	\$180,596	\$154,927	116.57%	63.99%
2019	0.22%	\$182,401	\$162,722	112.09%	65.60%
2020	0.18%	\$160,945	\$140,571	114.99%	66.14%
2021	0.21%	\$192,436	\$201,043	95.72%	66.26%
2022	0.25%	\$142,209	\$204,743	69.46%	79.14%
2023	0.25%	\$223,592	\$280,006	79.85%	69.55%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

## TOWN OF OLLA, LOUISIANA

Schedule of the Town's Proportionate Share of the Net Pension Liability  
Louisiana Municipal Police Employees' Retirement System

Year	Town's Proportion of the Net Position Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered- Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.01%	\$116,359	\$69,064	168.48%	70.73%
2017	0.02%	\$206,605	\$45,268	456.40%	66.04%
2018	0.01%	\$123,003	\$42,060	292.45%	70.08%
2019	0.01%	\$101,001	\$35,260	286.45%	71.89%
2020	0.01%	\$161,845	\$55,712	290.50%	71.01%
2021	0.03%	\$321,790	\$68,323	470.98%	70.94%
2022	0.02%	\$115,076	\$71,787	160.30%	84.09%
2023	0.02%	\$264,969	\$148,064	178.18%	70.80%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWN OF OLLA, LOUISIANA**  
**Schedule of the Town's Contributions**  
**Louisiana Municipal Employees' Retirement System**

Year	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	Town's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$16,525	\$(18,141)	\$(1,616)	\$226,763	9.0%
2017	\$18,141	\$(16,808)	\$1,333	\$210,100	8.0%
2018	\$17,042	\$(17,042)	-0-	\$154,927	11.0%
2019	\$21,299	\$(25,299)	-0-	\$162,722	13.1%
2020	\$19,685	\$(19,680)	\$5	\$140,571	14.0%
2021	\$29,146	\$(29,146)	-0-	\$201,043	14.0%
2022	\$31,735	\$(31,735)	-0-	\$204,743	15.5%
2023	\$26,554	\$(56,554)	-0-	\$280,006	9.48%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



## TOWN OF OLLA, LOUISIANA

**Schedule of the Town's Contributions  
Louisiana Municipal Police Employees' Retirement System**

Year	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	Town's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$12,569	\$(18,302)	\$(5,733)	\$69,064	26.50%
2017	\$18,215	\$(13,354)	\$4,861	\$45,268	29.50%
2018	\$13,354	\$(13,354)	-0-	\$42,060	31.75%
2019	\$10,842	\$(10,842)	-0-	\$35,260	30.75%
2020	\$17,967	\$(17,967)	-0-	\$55,712	32.22%
2021	\$22,205	\$(22,205)	-0-	\$68,323	32.50%
2022	\$24,228	\$(24,228)	-0-	\$71,787	33.75%
2023	\$26,554	\$(26,554)	-0-	\$148,064	17.93%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

## **OTHER INFORMATION**

**Town of Olla, Louisiana**  
**Schedule of Compensation Benefits and Other Payments**  
**to Agency Head or Chief Executive Officer**  
**For the Year Ended June 30, 2023**

Honorable Rhonda Elliot, Mayor

Purpose	Amount
Salary	\$ 18,173
Benefits-Insurance	-0-
Benefits-Retirement	3,040
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	1,440
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

\*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

**Town of Olla  
Olla, Louisiana  
Justice System Funding Schedule – Collecting/Disbursing Entity  
Year Ended June 30, 2023**

	<b>First Six Months Ended 12/31/2022</b>	<b>Second Six Months Ended 06/30/2023</b>
<b>Beginning Balance of Amounts Collected</b>	\$ 152,753	\$ 284,161
<b>Add: Collections</b>		
Criminal Court Costs/Fees	164,680	186,610
Criminal Fines – Other Collection & Suspension Fees	6,748	13,213
Service/Collection Fees	73	-0-
<b>Subtotal Collections</b>	171,500	199,823
<b>Less: Disbursements to Governments &amp; Nonprofits</b>		
Department of Health and Hospital	1,775	1,420
State Treasurer – CMIS	810	845
North LA Crime Lab	17,250	21,160
LA Commission on Law Enforcement	1,588	1,656
LA Supreme Court Education Fund	404	421
Central LA Juvenile Fund	6,075	6,338
LA Chiefs of Police	810	845
<b>Less: Amounts Retained by Collecting Agency</b>		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	6,602	4,867
<b>Less: Disbursements to Individuals/3<sup>rd</sup> Party Collection or Processing Agency</b>		
American Municipal Services-Collection Agency	4,779	7,209
<b>Subtotal Disbursements/Retainage</b>	40,092	44,761
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	284,161	439,223
<b>Ending Balance of “Partial Payments” Collected but not Disbursed</b>	287,889	152,753
<b>Other Information:</b>		
<b>Ending Balance of Total Amounts Assessed but not yet Collected</b>	-0-	-0-
<b>Total Waivers During the Fiscal Period</b>	\$ -0-	\$ -0-

See independent auditor’s report.



**Town of Olla, Louisiana**  
**Schedule of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Capital Grants & Loans**  
**For the Year Ended June 30, 2023**

	<u>2021-2022</u> <u>LGAP</u>	<u>ACT 170</u> <u>DIXIE LN</u>	<u>2019-20</u> <u>CWEF</u>	<u>2020-21</u> <u>CWEF</u>	<u>ARPA</u>	<u>LCDBG</u>	<u>TOTAL</u>
<b>REVENUES</b>							
Loan Proceeds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Grants	17,000	30,000	20,000	14,700	254,688	146,063	482,451
<b>TOTAL REVENUES</b>	<u>17,000</u>	<u>30,000</u>	<u>20,000</u>	<u>14,700</u>	<u>254,688</u>	<u>146,063</u>	<u>482,451</u>
<b>EXPENDITURES</b>							
Administrative Services	-0-	-0-	-0-	-0-	-0-	7,721	7,721
Engineering Services	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Project Construction	17,000	30,000	20,000	14,700	-0-	138,342	220,042
<b>TOTAL EXPENDITURES</b>	<u>17,000</u>	<u>30,000</u>	<u>20,000</u>	<u>14,700</u>	<u>-0-</u>	<u>146,063</u>	<u>227,763</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 254,688</u>	<u>\$ -0-</u>	<u>\$ 254,688</u>

LCDBG – Louisiana Community Development Block Grant

See independent auditor's report.

**OTHER REPORTS**

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathan@verchergroup.com

David R. Vercher M.B.A., C.P.A., C.F.E.  
david@verchergroup.com

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

**P.O. Box 1608  
1737 N 2<sup>nd</sup> St. – Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374**

### MEMBERS

American Institute of  
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Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **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 Rhonda Elliott, Mayor  
and Members of the Town Council  
Olla, Louisiana

We have audited, in accordance with the auditing standards general 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, the discretely presented component unit as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Olla, State of Louisiana’s basic financial statements, and have issued our report thereon August 31, 2023.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Olla, State of Louisiana’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 Olla, State of Louisiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Olla, State of Louisiana’s internal control.

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Olla, State of Louisiana'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. However, this report is a public document and its distribution is not limited.

### *The Vercher Group*

Jena, Louisiana  
August 31, 2023



**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2023**

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2023, and have issued our report thereon August 31, 2023. We conducted our audit in accordance with generally accepted auditing standards 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.

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**Section I Summary of Auditor's Results**

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Our audit of the financial statements as of June 30, 2023, resulted in an unmodified opinion.

**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses  Yes                      Significant Deficiencies  Yes

Compliance

Compliance Material to Financial Statements  Yes

**b. Federal Awards (Not Applicable)**

Internal Control

Material Weaknesses  Yes                      Other Conditions  Yes

Type of Opinion on Compliance    Unmodified                       Qualified   
For Major Programs                      Disclaimer                       Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes     No

**c. Identification of Major Programs:**

<b>CFDA Number (s)</b>	<b>Name Of Federal Program (or Cluster)</b>
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Dollar threshold used to distinguish between Type A and Type B Programs:

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance?     Yes     No

**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)**

**For the Year Ended June 30, 2023**

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**Section II Financial Statement Findings**

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No items identified.

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**Section III Federal Awards Findings and Questioned Costs**

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Not applicable.

**TOWN OF OLLA, LOUISIANA**  
**MANAGEMENT'S CORRECTIVE ACTION**  
**FOR CURRENT YEAR AUDIT FINDINGS**

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**FINDINGS:**

No items identified.

**TOWN OF OLLA, LOUISIANA**  
**MANAGEMENT LETTER COMMENTS**

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

**CURRENT YEAR MANAGEMENT LETTER COMMENTS**

No items identified.



**TOWN OF OLLA, LOUISIANA**

**MANAGEMENT'S SUMMARY  
OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2022.

**PRIOR YEAR FINDINGS**

No findings to report.

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathan@verchergroup.com

David R. Vercher M.B.A., C.P.A., C.F.E.  
david@verchergroup.com

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

**P.O. Box 1608  
1737 N 2<sup>nd</sup> St. – Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374**

### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Town of Olla and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period **July 1, 2022, through June 30, 2023**. The Town of Olla's management is responsible for those C/C areas identified in the SAUPs.

The Town of Olla has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period **July 1, 2022, through June 30, 2023**. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

#### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).



- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**No exceptions were found as a result of these procedures.**

### ***Board or Finance Committee***

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period



referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**No exceptions were found as a result of these procedures.**

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**No exceptions were found as a result of these procedures.**

### ***Collections (excluding electronic funds transfers)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**The entity has one deposit site, the Town Hall.**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.



- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Exception: Employees that are responsible for cash collections do share cash drawers/registers.**

**Management's Response: Management feels the cost/benefit of implementing this procedure is prohibited.**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

**No exceptions were found as a result of these procedures.**

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

**No exceptions were found as a result of these procedures.**

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**No exceptions were found as a result of these procedures.**

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**No exceptions were found as a result of these procedures.**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**No exceptions were found as a result of these procedures.**



### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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

**No exceptions were found as a result of these procedures.**

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**No exceptions were found as a result of this procedure.**

### ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**No exceptions were found as a result of this procedure.**

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**No exceptions were found as a result of this procedure.**

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**No exceptions were found as a result of this procedure.**

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**No exceptions were found as a result of this procedure.**

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
21. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Exception: Some employees did not complete ethics training for the fiscal period.**

**Management's Response: They plan to complete ethics training in the future.**

### ***Debt Service***

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22. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
23. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**No exceptions were found as a result of this procedure.**

### ***Fraud Notice***

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24. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
25. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**No exceptions were found as a result of this procedure.**

### ***Information Technology Disaster Recovery/Business Continuity***

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

**No exceptions were found as a result of these procedures.**

### ***Sexual Harassment***

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27. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation



demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

**Exception: Some employees did not complete sexual harassment training for the fiscal period. Management's Response: They plan to complete sexual harassment training in the future.**

28. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
29. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

**No exceptions were found as a result of this procedure.**

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

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

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

*The Vercher Group*

August 31, 2023

Jena, Louisiana