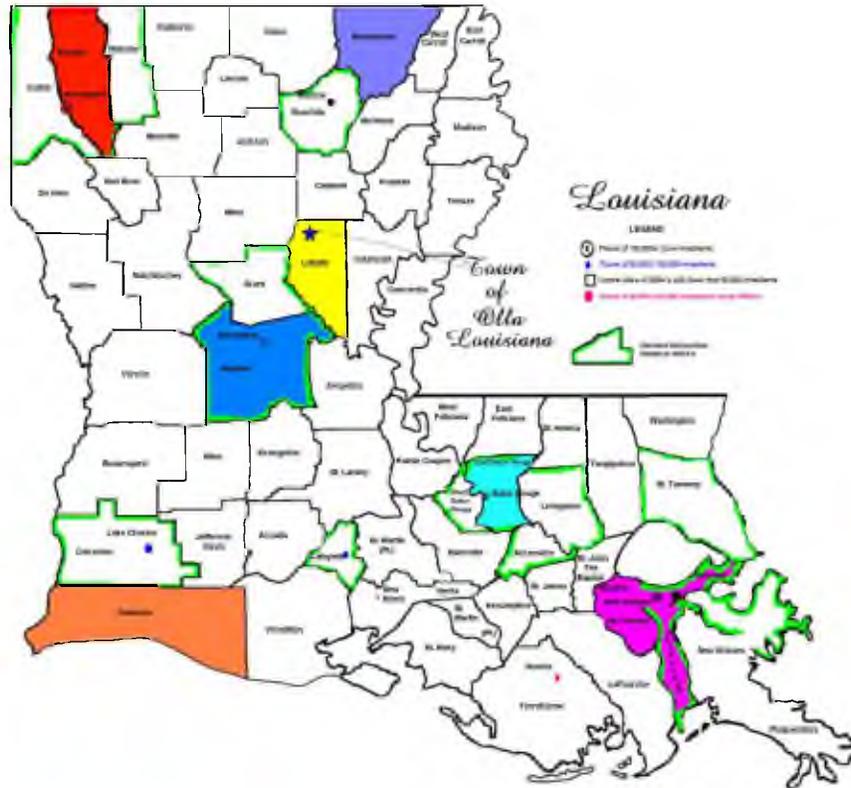


TOWN OF OLLA, LOUISIANA

Annual Financial Statements

JUNE 30, 2022

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
Table of Contents
June 30, 2022

	Schedule No.	Page No.
Independent Auditor's Report.....		1-3
Management's Discussion and Analysis.....		4-8
Basic Financial Statements		
Statement of Net Position.....	A	10
Statement of Activities.....	B	11
Balance Sheet, Governmental Funds.....	C	12
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	E	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	15
Statement of Net Position, Proprietary Funds.....	G	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	H	17
Statement of Cash Flows – Proprietary Funds.....	I	18
Notes to the Basic Financial Statements.....		19-57
Required Supplemental Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund.....	1	59
Schedule of the Town's Proportionate Share of the Net Pension Liability – Louisiana Municipal Employees' Retirement System.....	2	60
Schedule of the Town's Proportionate Share of the Net Pension Liability – Louisiana Municipal Police Employees' Retirement System.....	3	61
Schedule of the Town's Contributions – Louisiana Municipal Employees' Retirement System.....	4	62
Schedule of the Town's Contributions – Louisiana Municipal Police Employee's Retirement System.....	5	63
Other Information		
Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive.....		65
Justice System Funding Schedule.....		66
Schedule of Expenditures of Federal Awards.....		67
Other Reports		
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....		69-70
Schedule of Findings and Questioned Costs.....		71-73
Management's Corrective Action for Current Year Findings.....		74
Management Letter Comments.....		75
Management's Summary of Prior Year Findings.....		76
Agreed Upon Procedures.....		77-86

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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, 2022, 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, 2022, 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 \$257,285 as of June 30, 2022. 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, 2022, 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 October 24, 2022, 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
October 24, 2022

TOWN OF OLLA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022. 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 \$3,037,174 (*net position*). This is a \$217,256 increase from last year.
- The Town had total revenue of \$1,079,355 in which \$295,927 came from fines, \$213,512 came from fees & charges, and \$88,661 came from grants. This is a \$364,978 decrease from last year's revenues, mainly due to a decrease in grants in the amount of \$265,478.
- The Town had total expenditures of \$1,010,972 which is a \$194,810 decrease from last year. The main cause for this decrease is due to a decrease in capital outlay expense in the amount of \$168,476.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$3,875,045 (*net position*). This is a \$396,521 increase from last year.
- The Town had total revenue of \$787,204, including operating revenues of \$787,204 and non-operating revenues of \$0. This is a \$6,758 decrease from last year, mainly due to an decrease in sales tax in the amount of \$3,047.
- The Town had total expenses of \$750,953 in which \$726,272 was operating expenses and \$24,681 was non-operating expenses. This is a \$20,578 increase from last year mainly due to an increase in operating/administrative water expense in the amount of \$48,959.

MD&A

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	2021	2022	% Change
Cash & Investments	\$ 785,991	\$ 856,588	8.9%
Receivables	22,807	22,846	0.1%
Capital Assets, Net of Accumulated Depreciation	2,367,999	2,487,202	5.0%
Total Assets	3,176,797	3,366,636	5.9%
Deferred Outflows of Resources	262,748	177,397	-32.4%
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	14,023	17,478	24.6%
Accrued Interest	-0-	-0-	0.0%
Bonds & Notes Payable	55,858	42,843	-23.3%
Net Pension Liability	514,226	257,285	-49.9%
Total Liabilities	584,107	317,606	-45.6%
Deferred Inflows of Resources	35,520	189,253	432.8%
Net Position			
Net Investment in Capital Assets	2,312,141	2,444,359	5.8%
Unrestricted	507,777	592,815	16.8%
Total Net Position	\$ 2,819,918	\$ 3,037,174	7.7%

Comparative Changes in Fund Balances

Revenues	2021	2022	% Change
Fees & Charges	\$ 365,233	\$ 213,512	-41.6%
Taxes	60,785	195,597	221.8%
Fines	256,028	295,927	15.6%
Donations	7,887	4,490	-43.1%
Interest	1,019	1,062	4.3%
Reimbursements	164,394	23,840	-85.5%
Rental	205,001	204,001	0.5%
Capital Grants	354,139	88,661	-74.9%
Miscellaneous	29,847	52,265	75.1%
Total Revenues	1,444,333	1,079,355	-25.3%
Expenditures			
General & Administrative	135,603	106,713	-21.3%
Police Expense	258,979	377,856	45.9%
Fire	72,974	95,370	30.7%
Street & Sanitation	185,278	63,974	-65.5%
Dixie Center	6,952	5,737	-17.5%
Commercial Building	54,093	40,764	-24.7%
Recreation Complex	11,507	11,273	-2.1%
Debt Service	15,650	13,015	-16.9%
Capital Outlay	464,746	296,270	-36.3%
Total Expenditures	1,205,782	1,010,972	-16.2%
Excess (Deficiency) of Revenues Over (Under) Expenditures	238,551	68,383	-71.3%
Other Financing Sources (Uses):			
Transfers In/(Out)	-0-	(1,250)	-100.0%
Total Other Financing Sources (Uses)	-0-	(1,250)	-100.0%
Net Change in Fund Balance	238,551	67,133	-71.9%
Prior Period Adjustment	-0-	48	100.0%
Fund Balances – Beginning	556,224	794,775	42.9%
Fund Balances – Ending	\$ 794,775	\$ 861,956	8.5%

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

	2021	2022	% Change
Assets			
Cash & Investments	\$ 533,374	\$ 319,389	-40.1%
Receivables	65,559	65,033	-0.8%
Restricted Assets	398,082	882,499	121.7%
Capital Assets, Net of Accumulated Depreciation	3,413,922	3,541,749	3.8%
Total Assets	<u>4,410,937</u>	<u>4,808,670</u>	9.1%
Liabilities and Net Position			
Accounts, Salaries, & Other Payables	13,637	13,444	-1.5%
Other Liabilities	64,185	64,510	0.5%
Bonds Payable	854,591	855,671	0.2%
Total Liabilities	<u>932,413</u>	<u>933,625</u>	0.2%
Net Position			
Net Investment in Capital Assets	2,559,331	2,686,078	5.0%
Restricted For Debt Service	276,239	827,678	199.7%
Unrestricted	642,954	361,289	-43.8%
Total Net Position	<u>\$ 3,478,524</u>	<u>\$ 3,875,045</u>	11.4%

Comparative Changes in Net Position

	2021	2022	% Change
Operating Revenues			
Water Sales	\$ 353,275	\$ 373,160	5.7%
Sewer Charges	123,742	120,301	-2.8%
Sales Tax	288,817	285,770	-1.1%
Other	26,431	7,973	-69.9%
Total Operating Revenues	<u>792,265</u>	<u>787,204</u>	-0.7%
Operating Expenses			
Operating/Administrative Water	282,652	331,611	17.4%
Operating/Administrative Sewer	304,018	248,427	-18.3%
Depreciation	134,377	146,234	8.9%
Total Operating Expenses	<u>721,047</u>	<u>726,272</u>	0.8%
Operating Income (Loss)	<u>71,218</u>	<u>60,932</u>	-14.5%
Non-Operating Revenues (Expenses)			
Interest Earnings	1,697	-0-	-100.0%
Interest Expense	(9,328)	(24,681)	-164.6%
Total Non-Operating Revenues (Expenses)	<u>(7,631)</u>	<u>(24,681)</u>	-223.5%
Income (Loss) Before Contributions & Transfers	<u>433,314</u>	<u>396,522</u>	-8.5%
Other Financing Sources (Uses)			
DEQ Loan Forgiveness	369,727	52,773	-85.8%
Transfers In/(Out)	-0-	1,250	100.0%
Total Financing Sources (Uses)	<u>369,727</u>	<u>54,023</u>	-85.4%
Capital Contributions	<u>-0-</u>	<u>306,248</u>	100.0%
Change in Net Position	433,314	396,522	-8.5%
Prior Period Adjustment	(1,833)	(1)	99.9%
Total Net Position - Beginning	<u>3,047,043</u>	<u>3,478,524</u>	14.2%
Total Net Position - Ending	<u>\$ 3,478,524</u>	<u>\$ 3,875,045</u>	11.4%

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2022, the Town had \$2,476,109 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$108,110 increase from last year.

Capital Assets at Year-End

	2021	2022
General *	\$ 2,968,325	\$ 3,248,300
Police	254,344	259,119
Fire*	686,811	698,331
Street & Sanitation	660,334	660,334
Recreation Complex	409,524	409,524
Accumulated Depreciation	(2,611,339)	(2,799,499)
Total Capital Assets, Net	\$ 2,367,999	\$ 2,476,109

* Land in the amount of \$193,521 is not being depreciated.

Capital Assets – Enterprise Fund

At June 30, 2022, the Town had \$3,541,749 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$127,827 increase from last year.

Capital Assets at Year-End

	2021	2022
Water & Sewer Systems	\$ 7,789,760	\$ 8,063,821
Accumulated Depreciation	(4,375,838)	(4,522,072)
Total Capital Assets, Net	\$ 3,413,922	\$ 3,541,749

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, 2022.

	Balance 6-30-2021	Additions	Reductions	Balance 6-30-2022
Revenue Bonds & Notes (Business-Type Activities)	\$ 854,591	\$ 52,995	(51,915)	855,671
General Obligation Debt (Governmental Activities)	55,858	-0-	(13,015)	42,843
Total	\$ 910,449	\$ 52,995	(64,930)	898,514

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, 2022

	PRIMARY GOVERNMENT			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 856,588	319,389	1,175,977	5,460
Investments	-0-	-0-	-0-	195,336
Receivables, Net of Allowances	22,846	65,033	87,879	-0-
TOTAL CURRENT ASSETS	<u>879,434</u>	<u>384,422</u>	<u>1,263,856</u>	<u>200,796</u>
NON-CURRENT ASSETS				
Restricted Assets	-0-	882,499	882,499	-0-
Capital Assets, Net of Accumulated Depreciation	2,487,202	3,541,749	6,028,951	-0-
TOTAL NON-CURRENT ASSETS	<u>2,487,202</u>	<u>4,424,248</u>	<u>6,911,450</u>	<u>-0-</u>
TOTAL ASSETS	<u>3,366,636</u>	<u>4,808,670</u>	<u>8,175,306</u>	<u>200,796</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows – Municipal Employees’ Pension	57,803	-0-	57,803	-0-
Deferred Outflows – Municipal Police Pension	119,594	-0-	119,594	-0-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>177,397</u>	<u>-0-</u>	<u>177,397</u>	<u>-0-</u>
CURRENT LIABILITIES				
Accounts, Salaries, & Other Payables	17,478	13,444	30,922	-0-
TOTAL CURRENT LIABILITIES	<u>17,478</u>	<u>13,444</u>	<u>30,922</u>	<u>-0-</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Customer Deposits	-0-	61,405	61,405	-0-
Accrued Interest Payable	-0-	3,105	3,105	-0-
Current Bonds & Notes Payable	13,015	51,716	64,731	-0-
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>13,015</u>	<u>116,226</u>	<u>129,241</u>	<u>-0-</u>
NON-CURRENT LIABILITIES				
Bonds & Notes Payable	29,828	803,955	833,783	-0-
Net Pension Liabilities	257,285	-0-	257,285	-0-
TOTAL NON-CURRENT LIABILITIES	<u>287,113</u>	<u>803,955</u>	<u>1,091,068</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>317,606</u>	<u>933,625</u>	<u>1,251,231</u>	<u>-0-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows – Municipal Employees’ Pension	44,301	-0-	44,301	-0-
Deferred Inflows – Municipal Police Pension	144,952	-0-	144,952	-0-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>189,253</u>	<u>-0-</u>	<u>189,253</u>	<u>-0-</u>
NET POSITION				
Net Investment in Capital Assets	2,444,359	2,686,078	5,130,437	-0-
Restricted	-0-	827,678	827,678	-0-
Unrestricted	592,815	361,289	954,104	200,796
TOTAL NET POSITION	<u>\$ 3,037,174</u>	<u>3,875,045</u>	<u>6,912,219</u>	<u>200,796</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, 2022

	PROGRAM REVENUES					NET (EXPENSE) REVENUE & CHANGES		Total	Component Unit
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	Net (Expense) Revenue	Governmental Activities	Business-Type Activities		
GOVERNMENTAL ACTIVITIES									
General Government	\$ (245,386)	-0-	93,545	-0-	(151,841)	(151,841)		(151,841)	(8,162)
Police	(287,320)	-0-	-0-	-0-	(287,320)	(287,320)		(287,320)	-0-
Fire	(120,651)	77,380	-0-	-0-	(43,271)	(43,271)		(43,271)	-0-
Streets & Sanitation	(134,719)	107,549	-0-	-0-	(27,170)	(27,170)		(27,170)	-0-
Dixie Center	(5,737)	-0-	-0-	-0-	(5,737)	(5,737)		(5,737)	-0-
Commercial Building	(40,764)	-0-	-0-	-0-	(40,764)	(40,764)		(40,764)	-0-
Recreation Complex	(34,734)	-0-	-0-	-0-	(34,734)	(34,734)		(34,734)	-0-
Interest on Long-Term Debt	(2,639)	-0-	-0-	-0-	(2,639)	(2,639)		(2,639)	-0-
TOTAL GOVERNMENTAL ACTIVITIES	<u>(871,950)</u>	<u>184,929</u>	<u>93,545</u>	<u>-0-</u>	<u>(593,476)</u>	<u>(593,476)</u>		<u>(593,476)</u>	<u>(8,162)</u>
BUSINESS-TYPE ACTIVITIES									
Water & Sewer	(726,272)	493,461	306,248	-0-	73,437		73,437	73,437	-0-
Interest on Long-Term Debt	(24,681)	-0-	-0-	-0-	(24,681)		(24,681)	(24,681)	-0-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(750,953)</u>	<u>493,461</u>	<u>306,248</u>	<u>-0-</u>	<u>48,756</u>		<u>48,756</u>	<u>48,756</u>	<u>-0-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (1,622,903)</u>	<u>678,390</u>	<u>399,793</u>	<u>-0-</u>	<u>(544,720)</u>		<u>(544,720)</u>	<u>(544,720)</u>	<u>(8,162)</u>
			GENERAL REVENUES:						
			Fines & Penalties			295,927	-0-	295,927	-0-
			Taxes:						
			Ad Valorem Tax			53,833	-0-	53,833	-0-
			Sales Tax			1,250	285,770	287,020	-0-
			Other			140,514	-0-	140,514	-0-
			Donations			4,490	-0-	4,490	-0-
			Fees			-0-	-0-	-0-	-0-
			Reimbursements			23,840	-0-	23,840	-0-
			Investment Earnings			1,062	-0-	1,062	886
			Other General Revenues			291,066	60,746	351,812	8,714
			TRANSFERS IN/(OUT)			(1,250)	1,250	-0-	-0-
			TOTAL GENERAL REVENUES & TRANSFERS			<u>810,732</u>	<u>347,766</u>	<u>1,158,498</u>	<u>9,600</u>
			CHANGE IN NET POSITION			217,256	396,522	613,778	1,438
			PRIOR PERIOD ADJUSTMENT			-0-	(1)	(1)	-0-
			NET POSITION-BEGINNING			2,819,918	3,478,524	6,298,422	199,358
			NET POSITION-ENDING			<u>\$ 3,037,174</u>	<u>3,875,045</u>	<u>6,912,199</u>	<u>200,796</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2022

	GENERAL FUND
ASSETS	
Cash & Cash Equivalents	856,588
Investments	-0-
Receivables (Net of Allowances for Uncollectible)	22,846
TOTAL ASSETS	879,434
 LIABILITIES & FUND BALANCE	
LIABILITIES	
Accounts, Salaries, & Other Payables	17,478
TOTAL LIABILITIES	17,478
 FUND BALANCE	
Committed-Fire	87,476
Unassigned	774,480
TOTAL FUND BALANCE	861,956
 TOTAL LIABILITIES & FUND BALANCE	 879,434

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, 2022

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

Fund Balance, Total Governmental Funds (Statement C)	\$		861,956
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
		5,275,698	
		<u>(2,788,496)</u>	
			2,487,202
Deferred outflows and inflows are not financial resources or currently payable.			
		177,397	
		<u>(189,253)</u>	
			(11,856)
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.			
		(42,843)	
		<u>-0-</u>	
			(42,843)
Long-term net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
		<u>(257,285)</u>	
			<u>(257,285)</u>
Net Position of Governmental Activities (Statement A)	\$		<u><u>3,037,174</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, 2022

	GENERAL FUND
REVENUES	
Fees & Charges	\$ 213,512
Taxes:	
Ad Valorem Tax	53,833
Sales Tax	1,250
Other	140,514
Fines	295,927
Donations	4,490
Interest	1,062
Reimbursements	23,840
Rental	204,001
Capital Grants	88,661
Miscellaneous	52,265
TOTAL REVENUES	1,079,355
EXPENDITURES	
General & Administrative	106,713
Police Expense	377,856
Fire	95,370
Street & Sanitation	63,974
Dixie Center	5,737
Commercial Building	40,764
Recreation Complex	11,273
Debt Service	13,015
Capital Outlay	296,270
TOTAL EXPENDITURES	1,010,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	68,383
OTHER FINANCING SOURCES (USES):	
Transfers In/(Out)	(1,250)
TOTAL OTHER FINANCING SOURCES (USES)	(1,250)
NET CHANGE IN FUND BALANCE	67,133
PRIOR PERIOD ADJUSTMENT	48
FUND BALANCES--BEGINNING	794,775
FUND BALANCES--ENDING	\$ 861,956

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, 2022

Net Change in Fund Balances, Total governmental Funds, (Statement E) \$ 67,133

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	296,270	
Depreciation Expense	(177,160)	
Asset Impairment/Casualty	-0-	
		119,110

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	13,015	
		13,015

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	6,898	
Pension Revenue	11,100	
		17,998

Changes in Net Position of Governmental Activities, (Statement B) \$ 217,256

TOWN OF OLLA, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2022

	BUSINESS-TYPE ACTIVITIES
	ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 319,389
Investments	-0-
Receivables (Net of Allowances for Uncollectible)	65,033
TOTAL CURRENT ASSETS	384,422
NON-CURRENT ASSETS	
Restricted Assets	882,499
Capital Assets (Net of Accumulated Depreciation)	3,541,749
TOTAL NON-CURRENT ASSETS	4,424,248
TOTAL ASSETS	4,808,670
LIABILITIES	
CURRENT LIABILITIES	
Accounts, Salaries, & Other Payables	13,444
TOTAL CURRENT LIABILITIES	13,444
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Customer Deposits	61,405
Accrued Interest Payable	3,105
Revenue Bonds Payable	51,716
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	116,226
NON-CURRENT LIABILITIES	
Revenue Bonds	803,955
TOTAL NON-CURRENT LIABILITIES	803,955
TOTAL LIABILITIES	933,625
NET POSITION	
Net Investment in Capital Assets	2,686,078
Restricted	827,678
Unrestricted	361,289
TOTAL NET POSITION	\$ 3,875,045

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, 2022

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
OPERATING REVENUES	
Water Sales	\$ 373,160
Sewer Charges	120,301
Sales Tax	285,770
Other	7,973
TOTAL OPERATING REVENUES	<u>787,204</u>
OPERATING EXPENSES	
Operating/Administrative Water	331,611
Operating/Administrative Sewer	248,427
Depreciation	146,234
TOTAL OPERATING EXPENSES	<u>726,272</u>
OPERATING INCOME (LOSS)	<u>60,932</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Earnings	-0-
Interest Expense	24,681
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>24,681</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	
OTHER FINANCING SOURCES (USES)	
DEQ Loan Forgiveness	52,773
Transfers In/(Out)	1,250
TOTAL OTHER FINANCING SOURCES (USES)	<u>54,023</u>
CAPITAL CONTRIBUTIONS	<u>306,248</u>
CHANGE IN NET POSITION	396,522
PRIOR PERIOD ADJUSTMENT	(1)
TOTAL NET POSITION - BEGINNING	<u>3,478,524</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,875,045</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers, Users, & Taxes	\$ 786,678
Payments to Suppliers & Employees	(578,854)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	207,824
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from (to) Other Funds	1,250
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,250
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Receipts from Capital Grants	306,248
DEQ Loan Forgiveness	52,773
Interest Paid on Capital Debt	(24,681)
Principal Paid on Revenue Bonds	(51,915)
Proceeds from Bonds	52,995
Acquisition & Construction of Capital Assets	(274,061)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	61,359
 CASH FLOWS FROM INVESTING ACTIVITIES	
(Increase) Decrease in Restricted Assets	(484,417)
Interest & Dividends Received	-0-
(Increase) Decrease in Investments	10,538
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(473,879)
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(203,446)
 CASH - BEGINNING OF YEAR	522,835
CASH - END OF YEAR	319,389
 RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
 OPERATING INCOME/(LOSS)	60,932
Depreciation Expense	146,234
(Increase) Decrease in Accounts Receivable	526
Increase (Decrease) in Accounts Payables	(193)
Increase (Decrease) in Customer Deposits	320
Increase (Decrease) in Accrued Interest	5
TOTAL ADJUSTMENTS	146,892
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 207,824

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, 2022, 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)**

	Life In Years
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.

	Southern Heritage	Catahoula LaSalle Bank	Concordia Bank	Total
Bank Balances	\$ 1,846,424	178,979	41,608	2,067,011
<i>Secured As Follows</i>				
FDIC	354,891	178,979	41,608	575,478
Securities	1,547,343	-0-	-0-	1,547,343
Uncollateralized	-0-	-0-	-0-	-0-
Total	\$ 1,902,234	178,979	41,608	2,122,821

Deposits were fully secured as of June 30, 2022.

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

	Value At 6-30-2022
CD's	\$ 193,500
33 Shares of First Energy at \$39.39	1,237
60 Shares of Pacific Gas at \$9.98	599
Total	\$ 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, 2022 the receivables were as follows:

	Enterprise Fund	Governmental Fund
	Water & Sewer Fund	General Fund
Tax & License	\$ 18,837	10,079
Customer	87,136	12,767
Grants	-0-	-0-
Allowance for Bad Debts	(40,940)	-0-
Total	\$ 65,033	22,846

H. COMPENSATED ABSENCES

The Town has no compensated absence policy.

TOWN OF OLLA, LOUISIANA

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

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.

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, 2022, taxes of 7.21 mills were levied against property having a valuation of some \$7,466,430, which produced some \$53,833 in revenue.

Ad Valorem Taxes are broken down as follows:

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

TOWN OF OLLA, LOUISIANA

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

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, 2022, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

		Water		Sewer
Bond Sinking/Reserve	\$	114,709		489,580
Meter Deposit		75,394		-0-
Depreciation & Contingencies		177,052		25,764
Total	\$	367,155		515,344

5. FIXED ASSETS

Governmental Fund:

A summary of governmental fund assets at June 30, 2022, is as follows:

		Balance 6-30-2021		Additions		Deletions		Balance 6-30-2022
General/Administrative *	\$	2,968,418	\$	279,975		-0-		3,248,393
Police		254,344		4,775		-0-		259,119
Fire *		686,811		11,520		-0-		698,331
Street & Sanitation		660,334		-0-		-0-		660,334
Recreation Complex		409,524		-0-		-0-		409,524
Total Capital Assets		4,979,431		296,270		-0-		5,275,701
Accumulated Depreciation		(2,611,339)		(177,160)		-0-		(2,788,499)
Total Capital Assets, Net	\$	2,368,092	\$	119,110		-0-		2,487,202

* Land in the amount of \$193,521 is not being depreciated.

TOWN OF OLLA, LOUISIANA

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

Depreciation expense of \$177,160 for the year ended June 30, 2022, was charged to the following governmental functions:

General Government	\$69,875
Police	12,167
Fire	30,669
Streets & Sanitation	40,988
Recreation	23,461
Total Depreciation	\$177,160

Property Enterprise Fund:

A summary of enterprise fund property, plant and equipment at June 30, 2022, is as follows:

	Balance 6-30-2021	Additions	Deletions	Balance 6-30-2022
Water & Sewer Systems	\$ 7,789,760	\$ 274,061	-0-	8,063,821
Accumulated Depreciation	(4,375,838)	(146,234)	-0-	(4,522,072)
Total Capital Assets, Net	\$ 3,413,922	\$ 127,827	-0-	3,541,749

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, 2022.

	Balance 6-30-2021	Additions	Reductions	Balance 6-30-2022
Revenue Bonds & Notes (Business-Type Activities)	\$ 854,591	\$ 52,995	(51,915)	855,671
General Obligation Debt (Governmental Activities)	55,858	-0-	(13,015)	42,843
Total	\$ 910,449	\$ 52,995	(64,930)	898,514

TOWN OF OLLA, LOUISIANA

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

Bonds and installment notes payable at June 30, 2022, 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%.

\$ 127,000

\$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%.

57,881

\$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.

250,289

\$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.

420,500

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%.

42,843

Total \$ 898,513

TOWN OF OLLA, LOUISIANA

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

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	\$70,300 Fire Dept. Bonds	\$369,505 Sewer Revenue Bonds	346,000 Sales Tax Revenue Bonds	\$115,000 Water Revenue Bonds	\$479,985 Water Revenue Bonds	Total
2023	14,032	11,453	31,278	10,664	25,635	93,062
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		11,225	19,163	10,633	25,806	66,827
2027		11,149	19,465	10,622	26,151	67,387
2028-2032		118,537	56,963	10,610	129,060	315,170
2033-2037		155,594			51,862	207,456
2038-2042		63,813				63,813
	<u>\$ 44,385</u>	<u>394,449</u>	<u>164,107</u>	<u>63,827</u>	<u>309,987</u>	<u>976,755</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, 2022, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Revenue Reserve Funds	\$ 882,499
Current Bonds Payable and Accrued Interest	(54,841)
Total Restricted Net Position	<u>\$ 827,658</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, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B. At June 30, 2021, statewide retirement membership consists of the following:

<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>	
Inactive plan members or beneficiaries receiving benefits	3 , 6 7 3	1 , 1 2 5	4 , 7 9 8
Inactive plan members entitled to but not yet receiving benefits	3 , 6 9 8	1 , 8 5 5	5 , 5 5 3
Active plan members	4 , 6 1 1	1 , 9 8 0	6 . 5 9 1
Total participants as of the valuation date	1 1 , 9 8 2	4 , 9 6 0	1 6 , 9 4 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, 2021, 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, 2021, 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, 2021 are as follows:

Total pension liability	\$ 1,253,886,002
Less plan fiduciary net position	<u>975,735,673</u>
Employers' net pension liability	<u><u>\$ 278,150,329</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.82%

The components of the net pension liability of the System's employers for Plan B as of June 30, 2021 are as follows:

Total pension liability	\$ 277,663,255
Less plan fiduciary net position	<u>219,732,397</u>
Employers' net pension liability	<u><u>\$ 57,930,858</u></u>
Plan fiduciary net position as a percentage of the total pension liability	79.14%

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, 2021 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, 2021
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, 2021 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	<u>9%</u>	<u>0.39%</u>
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, 2021. 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, 2021 for Plan A are as follows:

Changes in Discount Rate

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net pension liability	<u>\$ 411,954,829</u>	<u>\$ 278,150,329</u>	<u>\$ 165,133,877</u>

Changes in net pension liability from changes in the discount rate as of June 30, 2021 for Plan B are as follows:

Changes in Discount Rate

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net pension liability	<u>\$ 88,877,974</u>	<u>\$ 57,930,858</u>	<u>\$ 31,755,392</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, 2021 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, 2021 as follows:

Plan A					
June 30, 2021					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ -0-	\$ 4,771,062	\$ (1,590,353)	\$ -0-	\$ 3,180,709
2020	200,472	-0-	100,235	100,237	-0-
2019	-0-	2,450,867	(2,450,867)	-0-	-0-
				\$ 100,237	\$ 3,180,709

Plan B					
June 30, 2021					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ -0-	\$ 3,183,144	\$ (1,061,054)	\$ -0-	\$ 2,122,090
2020	-0-	537,124	(268,562)	-0-	268,562
2019	-0-	987,671	(987,671)	-0-	-0-
				\$ -0-	\$ 2,390,652

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, 2021 as follows:

				Plan A		
				June 30, 2021		
	<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>
2021	\$ -0-	\$ 132,640,791	\$ (26,528,159)	\$ -0-	\$ 106,112,632	\$ (106,112,632)
2020	25,295,907	-0-	6,323,976	18,971,931	-0-	18,971,931
2019	10,437,158	-0-	3,479,052	6,958,106	-0-	6,958,106
2018	3,626,861	-0-	1,813,431	1,813,430	-0-	1,813,430
2017	3,783,183	-0-	3,783,183	-0-	-0-	-0-
				\$ 27,743,467	\$ 106,112,632	\$ (78,369,165)

				Plan B		
				June 30, 2021		
	<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>
2021	\$ -	\$ 27,507,064	\$ (5,501,413)	\$ -	\$ 22,005,651	\$ (106,112,632)
2020	5,764,134	-0-	1,441,034	4,323,100	-0-	4,323,100
2019	2,401,267	-0-	800,423	1,600,844	-0-	1,600,844
2018	852,940	-0-	426,473	426,467	-0-	426,467
2017	820,076	-0-	820,076	-0-	-0-	-0-
				\$ 6,350,411	\$ 22,005,651	\$ (15,655,240)

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, 2021 as follows:

Plan A					
June 30, 2021					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 12,070,620	\$ -0-	\$ 4,023,552	\$ 8,047,068	\$ -0-
2020	4,235,264	-0-	2,117,632	2,117,632	-0-
2019	3,038,146	-0-	3,038,146	-0-	-0-
				\$ 10,164,700	\$ -0-

Plan B					
June 30, 2021					
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 2,816,585	\$ -0-	\$ 938,863	\$ 1,877,722	\$ -0-
2020	933,399	-0-	466,699	466,700	-0-
2019	1,875,119	-0-	1,875,119	-0-	-0-
				\$ 2,344,422	\$ -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, 2021.

TOWN OF OLLA, LOUISIANA

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

NOTE 9 – DISAGGREGATED PENSION AMOUNTS

	Amounts from the 2021 Employer Pension Report	2022 Employer Specific Amounts	2022 Total Pension Amounts
Net Pension Liability	\$ 142,209		142,209
<i>Deferred Outflows of Resources Related to Pensions:</i>			
Deferred Outflows	\$ 30,580	27,223	57,803
Deferred Outflows - Contributions Subsequent to Measurement Date			
<i>Deferred Inflows of Resources Related to Pensions:</i>			
Deferred Inflows	\$ 44,301		44301
Pension Expense	\$ 29,686	(33,881)	(4,195)
Revenue	\$ 6,135		6,135

Note 10-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 11-Retirement System Audit Report

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the report can be found on the System’s website, www.mersla.com, or on the Louisiana Legislative Auditor’s website, www.la.la.gov.

Note 12-Subsequent Events

The System evaluated all subsequent events through February 8, 2022, the date the employer pension schedules were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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 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.

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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.

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.

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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, 2021, 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%	33.75%	43.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	33.75%	43.75%
Non-Hazardous Duty Members hired after 1/1/2013	8.00%	33.75%	41.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	36.25%	43.75%

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, 2021, 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, 2021, as compared to the total of all employers' contributions to the System during the year ended June 30, 2021.

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, 2021, are as follows:

Total Pension Liability	\$ 3,350,028,394
Plan Fiduciary Net Position	<u>\$ 2,816,973,727</u>
Total Collective Net Pension Liability	<u>\$ 533,054,667</u>

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 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, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service lives	2021 - 4 years
	2020 - 4 years
	2019 - 4 years
	2018 - 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	June 30. 2021 Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47 %
Fixed Income	30.50%	0.59%
Alternative	14.00%	1.01%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Arithmetic Return		7.30%

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, 2021.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net Pension Liability	929,030,067	533,054	202,548,855
\$			

Note 8 – Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2021, 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, 2021, as follows:

TOWN OF OLLA, LOUISIANA

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

Note 8 – Change in Net Pension Liability (Continued)

		June 30, 2021					
		<u>Deferred</u>	<u>Deferred</u>	<u>Pension</u>	<u>Deferred</u>	<u>Deferred</u>	
	\$	Outflows	Inflows	Expense (Benefit)	Outflows	Inflows	\$
2021	\$	-0-	\$ 1,771,420	\$ (442,855)	\$ -0-	\$ 1,328,565	
2020		-0-	22,336,143	(7,445,381)	-0-	14,890,762	
2019		-0-	394,231	(197,115)	-0-	197,116	
2018		-0-	13,674,448	(13,674,448)	-0-	16,416,443	
				Total	\$ -0-	\$ 16,416,443	

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, 2021, as follows:

		June 30, 2021					
		<u>Deferred</u>	<u>Deferred</u>	<u>Pension</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Net Deferred</u>
	\$	Outflows	Inflows	Expense (Benefit)	Outflows	Inflows	Inflows
2021	\$	-0-	\$ 428,749,410	\$ (85,749,882)	\$ 342,999,528	\$ (342,999,528)	(342,999,528)
2020		84,229,169	-0-	21,057,292	63,171,877	-0-	63,171,877
2019		44,191,274	-0-	14,730,425	29,460,849	-0-	29,460,849
2018		2,944,525	-0-	1,472,263	\$ 1,472,262	\$ -0-	1,472,262
2017		-0-	20,484,737	(20,484,737)	-0-	-0-	-0-
				Total	94,104,988	342,999,528	(248,894,540)

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, 2021, 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 Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2021	70,518,842	-0-	\$ 17,629,711	\$ 52,889,131	
2020	-0-	22,808,713	(7,602,905)	-0-	15,205,808
2019	12,287,685	-0-	6,143,842	6,143,843	
2018	9,674,218		9,674,218		
			Totals	59,032,974	15,205,808

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, 2021.

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.

TOWN OF OLLA, LOUISIANA

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

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, 2021. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

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

	Amounts from the 2021 Employer Pension Report	2022 Employer Specific Amounts	2022 Total Pension Amounts
Net Pension Liability	\$ 115,076	\$	\$ 115,076
<i>Deferred Outflows of Resources Related to Pensions:</i>			
Deferred Outflows	\$ 94,379	\$ 25,215	\$ 119,594
Deferred Outflows - Contributions Subsequent to Measurement Date			
<i>Deferred Inflows of Resources Related to Pensions:</i>			
Deferred Inflows	\$ 144,952	\$	\$ 144,952
Pension Expense	\$ 20,652	\$ (23,355)	\$ (2,703)
Revenue	\$ 4,824	\$	\$ 4,824

TOWN OF OLLA, LOUISIANA

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

10. COMMITTED FUND BALANCE

General Fund Assets of \$87,476 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, October 24, 2022, of the independent auditor's report for potential recognition or disclosure in the financial statements.

13. PRIOR PERIOD ADJUSTMENTS

Adjustment to Fund balance.

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, 2022**

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Fees & Charges	\$ 348,845	\$ 330,900	\$ 213,512	\$ (117,388)
Taxes	93,279	97,550	195,597	98,047
Fines	175,000	267,000	295,927	28,927
Donations	5,500	4,590	4,490	(100)
Interest	850	900	1,062	162
Reimbursements	155,000	28,500	23,840	(4,660)
Rental	205,000	204,200	204,001	(199)
Grants	184,966	94,746	88,661	(6,085)
Miscellaneous	14,077	300	52,265	51,965
TOTAL REVENUES	<u>1,182,517</u>	<u>1,028,686</u>	<u>1,079,355</u>	<u>50,669</u>
EXPENDITURES				
General & Administrative	383,379	362,249	106,713	255,536
Police Expense	278,460	291,163	377,856	(86,693)
Fire	98,345	97,224	95,370	1,854
Street & Sanitation	200,344	98,370	63,974	34,396
Dixie Center	7,905	6,650	5,737	913
Commercial Building	66,870	39,550	40,764	(1,214)
Recreation Complex	11,900	11,900	11,273	627
Debt Service	-0-	-0-	13,015	(13,015)
Capital Outlay	-0-	148,272	296,270	(147,998)
TOTAL EXPENDITURES	<u>1,047,203</u>	<u>1,055,378</u>	<u>1,010,972</u>	<u>44,406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	154,097	(26,692)	68,383	95,075
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	-0-	-0-	(1,250)	(1,250)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>(1,250)</u>	<u>(1,250)</u>
NET CHANGE IN FUND BALANCE	\$ <u>154,097</u>	\$ <u>(26,692)</u>	67,133	\$ <u>93,825</u>
PRIOR PERIOD ADJUSTMENT			48	
FUND BALANCE - BEGINNING			794,775	
FUND BALANCE - ENDING			<u>\$ 861,956</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**

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	0.05%	\$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%

*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.

See independent auditor's report

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%

*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.

See independent auditor's report

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%

*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.

See independent auditor's report

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%

*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, 2022

Honorable Rhonda Elliot, Mayor

Purpose	Amount
Salary	\$ 15,750
Benefits-Insurance	-0-
Benefits-Retirement	2,664
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, 2022**

	First Six Months Ended 12/31/2021	Second Six Months Ended 06/30/2022
Beginning Balance of Amounts Collected	\$ 152,753	\$ 265,073
Add: Collections		
Criminal Court Costs/Fees	134,624	145,716
Criminal Fines – Other Collection & Suspension Fees	6,837	7,882
Service/Collection Fees	439	243
Subtotal Collections	<u>141,900</u>	<u>153,841</u>
Less: Disbursements to Governments & Nonprofits		
Department of Health and Hospital	1,235	1,310
State Treasurer – CMIS	541	558
North LA Crime Lab	13,210	10,350
LA Commission on Law Enforcement	1,060	1,093
LA Supreme Court Education Fund	270	279
Central LA Juvenile Fund	4,058	4,185
LA Chiefs of Police	541	558
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	3,930	4,867
Less: Disbursements to Individuals/3rd Party Collection or Processing Agency		
American Municipal Services-Collection Agency	4,735	6,956
Subtotal Disbursements/Retainage	<u>29,580</u>	<u>30,156</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>265,073</u>	<u>388,758</u>
Ending Balance of “Partial Payments” Collected but not Disbursed	<u>287,889</u>	<u>152,753</u>
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -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, 2022**

	LCDBG	CLEAN WATER REVOLVING LOAN	TOTAL
REVENUES			
Loan Proceeds	\$ -0-	\$ 105,989	\$ 105,989
Capital Grants	51,560	-0-	51,560
TOTAL REVENUES	51,560	105,989	157,549
EXPENDITURES			
Administrative Services	-0-	-0-	-0-
Engineering Services	51,560	13,106	64,666
Project Construction	-0-	92,883	92,883
TOTAL EXPENDITURES	51,560	105,989	157,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-
FUND BALANCES--BEGINNING	-0-	-0-	-0-
FUND BALANCES--ENDING	\$ -0-	\$ -0-	\$ -0-

LCDBG – Louisiana Community Development Block Grant

Clean Water Revolving Loan

See independent auditor's report.

OTHER REPORTS

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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, 2022, 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 dated October 24, 2022.

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
October 24, 2022

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TOWN OF OLLA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST For the Year Ended June 30, 2022

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2022, and have issued our report thereon October 24, 2022. 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.

Section I Summary of Auditor’s Results

Our audit of the financial statements as of June 30, 2022, 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:

CFDA Number (s)	Name Of Federal Program (or Cluster)
------------------------	---

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, 2022

Section II Financial Statement Findings

No items identified.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

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

FINDINGS:

No items identified.

TOWN OF OLLA, LOUISIANA
MANAGEMENT LETTER COMMENTS

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**

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, 2021.

PRIOR YEAR FINDINGS

No findings to report.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Olla
Olla, Louisiana

We have performed the procedures enumerated below, which were agreed to by Town of Olla (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period July 1, 2021 to June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated 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) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

There were no exceptions performing 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.

There were no exceptions performing these procedures.

Bank Reconciliations

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.

There were no exceptions performing these procedures.

Collections (excluding electronic funds transfers)

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).

Observations: The entity has one deposit site, 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 prohibitive.

Exception: Each employee responsible for collecting cash is also at certain times responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

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

- 5. 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.

There were no exceptions performing these procedures.

- 6. 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.

There were no exceptions performing these procedures.

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

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.
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.

There were no exceptions performing these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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.

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.

There were no exceptions performing these procedures.

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

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).
 - 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.

There were no exceptions performing these procedures.

Contracts

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.

There were no exceptions performing these procedures.

Payroll and Personnel

- 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.
- 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.

There were no exceptions performing these procedures.

- 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.

There were no exceptions performing these procedures.

- 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.

There were no exceptions performing these procedures.

Ethics

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.

There were no exceptions performing these procedures.

Debt Service

21. 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.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

There were no exceptions performing these procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. 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.

There were no exceptions performing these procedures.

Information Technology Disaster Recovery/Business Continuity

25. 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.

We performed the procedure and discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. 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).
- 28. 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.

There were no exceptions performing these procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

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

The Vercher Group

October 24, 2022

Jena, Louisiana