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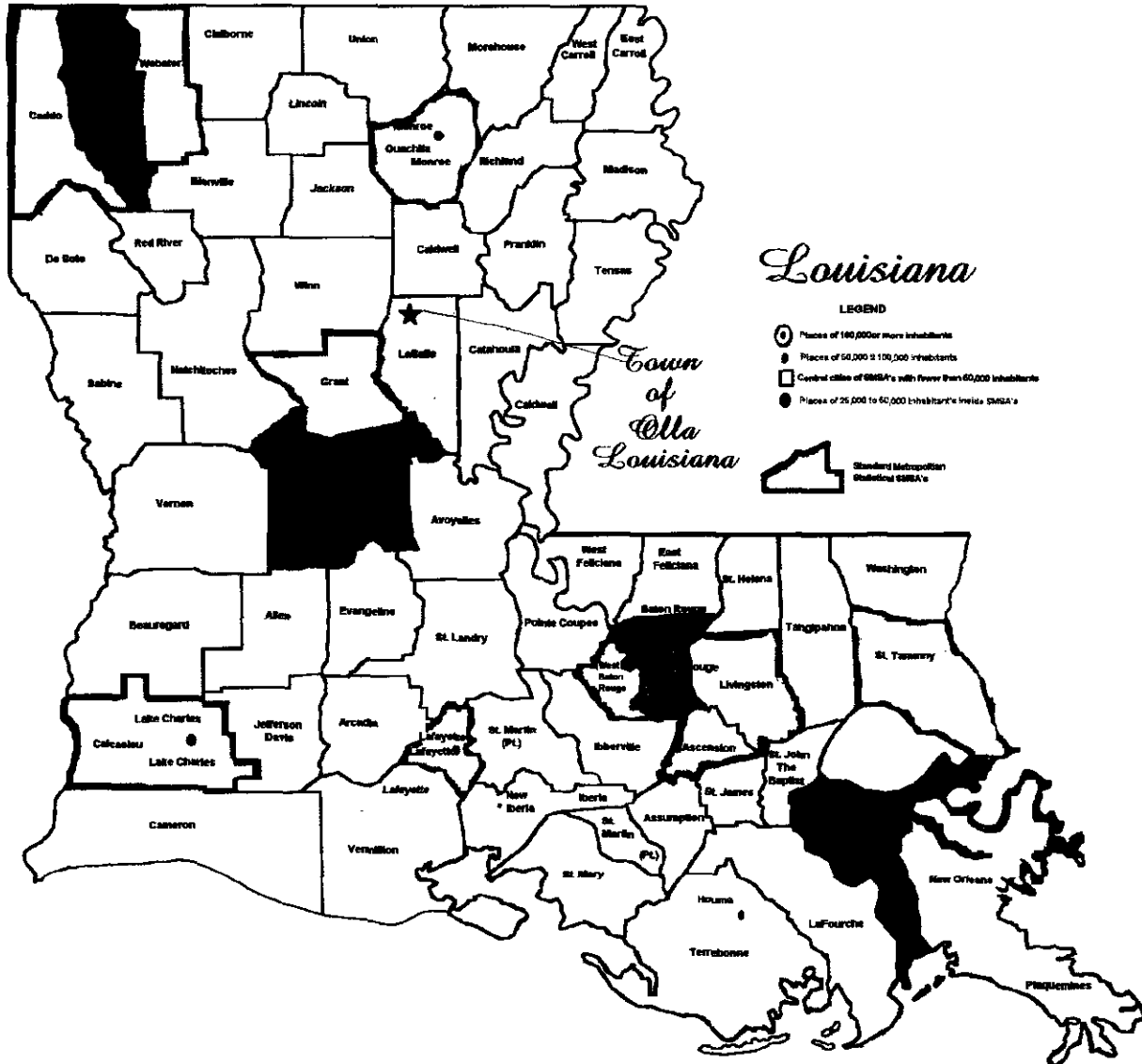
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TOWN OF OLLA, LOUISIANA
Annual Financial Statements
JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-8-04

TOWN OF OLLA OLLA, LOUISIANA



The Town of Olla was incorporated under the Lawrason Act in August of 182000. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, sanitation, utilities (water and sewer services)/ and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

TOWN OF OLLA, LOUISIANA
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June 30, 2004

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TOWN OF OLLA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

The annual report consists of series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets decreased in governmental activities by \$(162,782) and net assets decreased by \$(93,304) in business-type activities, which include sewer and water funds. The decrease in net assets of the business-type activities was a result of depreciation taken on the fixed assets that were financed with grants.
- The Town had overall expenses from governmental activities of \$766,843 and expenses from business-type activities of \$549,014 for a total expense for the year of \$1,315,857.
- The general fund operated with excess expenditures over revenues of \$(112,753) and ended the year with a net change in fund balance of \$(108,454).
- In the business-type activities – enterprise funds, the water and sewer fund had an operating loss of \$(82,853). The water and sewer fund had a positive cash flow of \$20,696 from operating activities.
- The Town amended its budget during the year and the final budget shows that there were excess expenditures over appropriations of \$24,856 or 3.6%. The general fund had a favorable revenue budget variance of \$11,452 or 1.9%.
- The Town made no major capital purchases during the year or incurred any new debt.
- A comparative analysis will be provided in future years when prior year information is available.
- The Olla Cemetery Board (a component unit of the Town of Olla) had an increase in net assets of \$9,326 and ended the year with net assets of \$200,234.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

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 Benard Miller at the Town Hall, phone number (318) 495-5151.

JOHN R. VERCHER PC
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

The Honorable Bernard Miller, Mayor
and Members of the Town Council
Olla, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Olla, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Olla, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 aggregate remaining fund information of Town of Olla, Louisiana, as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2004, on my consideration of the Town of Olla, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

John R. Vercher

October 31, 2004
Jena, Louisiana

JOHN R. VERCHER PC
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Bernard Miller, Mayor
and Members of the Town Council
Olla, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Olla, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Town of Olla, Louisiana's basic financial statements and have issued my report thereon dated October 31, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Olla, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Olla, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this document is public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
October 31, 2004

BASIC FINANCIAL STATEMENTS

TOWN OF OLLA, LOUISIANA
Statement of Net Assets
June 30, 2004

	PRIMARY GOVERNMENT			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 56,053	\$ 9,930	\$ 65,983	\$ 6,590
Investments	291,500	33,277	324,777	193,644
Receivables (net of allowances for uncollectable)	12,853	35,006	47,859	-0-
Due from other funds	-0-	-0-	-0-	-0-
Restricted assets	-0-	339,768	339,768	-0-
Capital assets	893,197	1,456,230	2,349,427	-0-
TOTAL ASSETS	\$ 1,253,603	\$ 1,874,211	\$ 3,127,814	\$ 200,234
LIABILITIES				
Accounts, salaries, and other payables	\$ 14,030	\$ 13,395	\$ 27,425	\$ -0-
Other liabilities	3,496	3,101	6,597	-0-
Bonds and notes payable	104,893	661,540	766,433	-0-
TOTAL LIABILITIES	\$ 122,419	\$ 678,036	\$ 800,455	\$ -0-
NET ASSETS				
Invested in capital assets, net of related debt	\$ 784,808	\$ 772,593	\$ 1,557,401	\$ -0-
Restricted for:				
Debt service	-0-	189,226	189,226	-0-
Unrestricted	346,376	169,510	515,886	200,234
TOTAL NET ASSETS	\$ 1,131,184	\$ 1,131,329	\$ 2,262,513	\$ 200,234

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2004

	Program Revenues			Net (Expenses) Revenues & Changes of			Component Units
	Expenses	Charges for Services	Operating Grants & Contributions	Net (Expenses)/ Revenue	Governmental Activities	Business-type Activities	
Governmental Activities							
General Government	\$ 766,843	\$ 253,025	\$ 20,152	\$ (493,666)	\$ (493,666)	\$ (242,537)	\$ (736,203)
Total Governmental Activities	<u>\$ 766,843</u>	<u>\$ 253,025</u>	<u>\$ 20,152</u>	<u>\$ (493,666)</u>			
Business-type Activities							
Water & Sewer	\$ 549,014	\$ 281,482	\$ 24,995	\$ (242,537)			
Total Business-type Activities	<u>\$ 549,014</u>	<u>\$ 281,482</u>	<u>\$ 24,995</u>	<u>\$ (242,537)</u>			
Total Primary Government	<u>\$ 1,315,857</u>	<u>\$ 534,507</u>	<u>\$ 45,147</u>	<u>\$ (736,203)</u>	\$ (493,666)	\$ (242,537)	\$ (736,203)
Component Units							
Cemetery Board	\$ 3,525	\$ 3,660	\$ -0-	\$ 135			

General Revenues:		Total General Revenues & Transfers	
Taxes	\$ 35,868	\$ 137,339	\$ 173,207
Fines	206,893	-0-	206,893
Other Revenue	83,824	9,511	93,335
Investment Earnings	-0-	6,682	6,682
Transfers In/(Out)	4,299	(4,299)	-0-
	<u>\$ 330,884</u>	<u>\$ 149,233</u>	<u>\$ 480,117</u>
Change in Net Assets	\$ (162,782)	\$ (93,304)	\$ (256,086)
Net Assets-Beginning	\$ 1,293,966	\$ 1,198,753	\$ 2,492,719
Net Assets-Ending	<u>\$ 1,131,184</u>	<u>\$ 1,105,449</u>	<u>\$ 2,236,633</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2004

		<u>General Fund</u>
ASSETS		
Cash and cash equivalents	\$	56,053
Investments		291,500
Receivables (net of allowances for uncollectibles)		<u>12,853</u>
TOTAL ASSETS	\$	<u>360,406</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts, salaries, and other payables	\$	<u>14,030</u>
TOTAL LIABILITIES	\$	<u>14,030</u>
Fund balances:		
Reserved for debt service	\$	-0-
Unreserved, reported in:		
General Fund	\$	<u>346,376</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>360,406</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2004

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 346,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	893,197
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>(108,389)</u>
<i>Net Assets of Governmental Activities (Statement A)</i>	<u>\$ 1,131,184</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General
Revenues:	
Fees and charges	\$ 253,025
Taxes	35,868
Fines	206,893
Grants	20,152
Donations	14,008
Insurance	34,548
Other	35,268
Total Revenues	\$ 599,762
Expenditures:	
General and Administrative	\$ 287,918
Police Expense	229,500
Fire	45,398
Street and Sanitation	95,855
Debt Service	19,267
Capital Outlay	34,577
Total Expenditures	\$ 712,515
Excess (Deficiency) of Revenues Over Under Expenditures	\$ (112,753)
Other Financing Sources (Uses):	
Transfers In/(Out)	\$ 4,299
Total Other Financing Sources and Uses	\$ 4,299
Net Change in Fund Balance	\$ (108,454)
Fund balances--beginning	454,830
Fund balances--ending	\$ 346,376

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004

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

Net Change in Fund Balances, Total governmental Funds, Statement E	\$ (112,753)
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.	34,577
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 assets. 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.	14,447
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(99,053)</u>
Changes in Net Assets of Governmental Activities, statement B	\$ <u>(162,782)</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Net Assets, Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS (Major Enterprise Funds)
	Water and Sewer Fund
ASSETS	
Cash and cash equivalents	\$ 9,930
Investments	33,277
Receivables (net of allowances for uncollectibles)	35,006
Due from other funds	-0-

TOTAL CURRENT ASSETS	\$ 78,213
Non-Current Assets	
Restricted assets	\$ 339,768
Capital assets (net of accumulated depreciation)	1,456,230

Total Non-Current Assets	\$ 1,795,998
TOTAL ASSETS	\$ 1,874,211
LIABILITIES	
Liabilities:	
Accounts, salaries, and other payables	\$ 13,395
Due to other funds	-0-
Matured bonds and interest payable	-0-

Total Current Liabilities	\$ 13,395
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	\$ 34,920
Accrued Interest Payable	29,923
Revenue Bonds Payable	18,996

Total Current Liabilities Payable from Restricted Assets	\$ 83,839
Non Current Liabilities	
Revenue Bonds	\$ 642,547
Notes Payable	3,101

Total Non Current Liabilities	\$ 645,648
NET ASSETS	
Invested in capital assets net of related debt	\$ 772,593
Restricted for capital outlay	25,410
Restricted for debt service	163,816
Unrestricted	169,510

TOTAL NET ASSETS	\$ 1,131,329

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS (Major Enterprise Funds)
	Total Enterprise Funds
Operating Revenues	
Charges for Services:	
Water Sales	\$ 204,118
Sewer Charges	77,364
Sales Tax	137,339
Other	9,511

Total Operating Revenues	\$ 428,332
Operating Expenses	
Operating/Administrative Water	\$ 236,328
Operating/Administrative Sewer	180,207
Depreciation	94,650

Total Operating Expenses	\$ 511,185
Operating Income (Loss)	\$ (82,853)
Nonoperating Revenue (Expenses)	
Grant	\$ 24,995
Interest earnings	6,682
Interest expense	(37,829)

Total Nonoperating Revenue (Expenses)	\$ (6,152)
Income (Loss) Before Contributions and Transfers	\$ (89,005)

Transfers In/(Out)	\$ (4,299)

Change in Net Assets	\$ (93,304)
Total Net Assets - Beginning	\$ 1,224,633
Total Net Assets - Ending	\$ 1,131,329

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2004

	<u>ENTERPRISE FUND</u>
	<u>Water and Sewer Fund</u>
Cash Flows From Operating Activities	
Receipts From Customers, Users, & Taxes	\$ 418,317
Receipts from Other Revenue	9,511
Payments to Suppliers	(245,148)
Payments to Employees	(161,984)
Net Cash Provided by Operating Activities	<u>\$ 20,696</u>
Cash Flows From NonCapital Financing Activities	
Income From Grants	\$ 24,995
Transfers to Other Funds	(4,299)
Net Cash Provided (used) by NonCapital Financing Activities	<u>\$ 20,696</u>
Cash Flows From Capital and Related Financing Activities	
Principal Paid on Capital Debt	\$ (31,398)
Interest Paid on Capital Debt	(38,657)
Acquisition and Construction of Capital Assets	(27,553)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ (97,608)</u>
Cash Flows From Investing Activities	
Proceeds From Restricted Assets	\$ 10,419
Proceeds From Sales and Maturities of Investments	46,723
Interest and Dividends Received	6,682
Net Cash Provided (used) by Investing Activities	<u>\$ 63,824</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 7,608</u>
Cash - Beginning of Year	<u>\$ 2,322</u>
Cash - End of Year	<u>\$ 9,930</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (used) by Operating Activities	
Operating Income/(Loss)	<u>\$ (82,853)</u>
Depreciation Expense	94,650
(Increase) Decrease in Accounts Receivable	(504)
(Increase) Decrease in Prepaid Items	-0-
Increase (Decrease) in Accounts Payables	9,403
Total Adjustments	<u>\$ 103,549</u>
Net Cash Provided by Operating Activities	<u>\$ 20,696</u>

The accompanying notes are an integral part of this statement.

*NOTES
To
FINANCIAL STATEMENTS*

TOWN OF OLLA, LOUISIANA

NOTES TO 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 Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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.

The following is a summary of certain significant accounting policies:

TOWN OF OLLA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 segment 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 meetings 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, AND 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.

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 municipality reports the following major proprietary funds:

- Water and Sewer Fund

TOWN OF OLLA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 governments 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. FIXED ASSETS AND LONG-TERM LIABILITIES

For the year ended June 30, 2004, 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:

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

D. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The Town clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Town does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Town does not utilize encumbrance accounting.
- (5) The budget was amended during the year.

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

E. CASH AND INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit as following 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. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the School or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* – Uncollateralized.

<u>Bank</u>	<u>Olla Bank Balance 6-30-2004</u>	<u>Component Unit Bank Balance 6-30-2004</u>
Southern Heritage Bank	\$ 681,615	\$ 196,687
Bank of Jena	67,254	-0-
Concordia Bank & Trust Co.	12,835	-0-
Total	761,704	196,687
<i>Amounts on deposit at the bank are secured by the following:</i>		
<u>Description</u>	<u>Market Value</u>	<u>Market Value</u>
FDIC (<i>Category 1</i>)	\$ 400,000	\$ 113,687
Securities Pledged (<i>Category 2</i>)	1,046,292	1,046,292

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

	<u>Value At 6-30-2004</u>
50 Shares of First Energy	\$ 1,871
60 Shares of Pacific Gas	1,676
Total	\$ 3,547

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 AND BAD DEBTS – GENERAL FUND AND ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At June 30, 2004 no reserve for bad debts in the general fund was required since the estimated uncollectable receivables outstanding were considered immaterial.

	<u>Enterprise Fund</u>	<u>Governmental Fund</u>
	<u>Water and Sewer Fund</u>	<u>General Fund</u>
Tax & License	\$ -0-	\$ 6,082
Customer	36,111	6,771
Allowance for Bad Debts	(1,105)	-0-
Total	\$ 35,006	\$ 12,853

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

H. COMPENSATED ABSENCES

The Town has no compensated absence policy.

I. RESERVES

The Town records reserves to indicate that a portion of its retained earnings/fund balances is legally restricted for a specific future use. The following is a list of such reserves and a description of each:

Reserved for System Maintenance

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

Reserved - Revenue Bonds

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

Reserved for Debt Service

Certain assets have been reserved 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 Grant 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 December 31, 2004, taxes of 8.32 mills were levied against property having a valuation of some \$3,352,758, which produced some \$27,895 in revenue.

Ad Valorem Taxes are broken down as follows:

	Mills
General Alimony	8.32
Total	8.32

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2004, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>
Bond Sinking	\$ 27,760	\$ 73,324
Meter Deposit	119,901	-0-
Bond Reserve	-0-	57,374
Depreciation & Contingencies	20,900	40,510
Total	\$ 168,561	\$ 171,208

4. FIXED ASSETS

Property Enterprise Fund: Plant and Equipment

A summary of enterprise fund property, plant and equipment at June 30, 2004, is as follows:

	<u>Balance 6-30-2003</u>	<u>Additions (Deletions)</u>	<u>Balance 6-30-2004</u>	<u>6-30-2004 Accumulated Depreciation</u>
Buildings	\$ 26,816	\$ -0-	\$ 26,816	\$ 21,829
Water System	1,159,977	-0-	1,159,977	579,592
Sewer System	1,822,673	-0-	1,822,673	970,879
Trucks, Machinery & Equipment	293,266	27,553	320,819	301,755
Sub-Total	\$ 3,302,732	\$ 27,553	\$ 3,330,285	\$ 1,874,055
Accumulated Depreciation	(1,779,008)	(95,047)	(1,874,055)	-0-
Net	\$ 1,523,724	\$ (67,494)	\$ 1,456,230	\$ 1,874,055

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

Governmental Fund:

A summary of governmental fund depreciable assets at June 30, 2004, is as follows:

	<u>Balance 6-30-2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2004</u>
Land	\$ 222,788	\$ -0-	\$ -0-	\$ 222,788
Buildings	425,779	-0-	-0-	425,779
Improvements	56,463	-0-	-0-	56,463
Equipment	898,257	34,556	(78,290)	854,523
Total	\$ 1,603,287	\$ 34,556	\$ (78,290)	\$ 1,559,553
Accumulated Depreciation	606,448	99,053	(39,145)	666,356
Net	996,839			893,197

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years

5. 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, 2004.

	Balance 6-30-2003	Additions	Reductions	Balance 6-30-2004
Revenue Bonds & Notes	\$ 696,039	\$ -0-	\$ (31,397)	\$ 664,642
General Obligation Debt	114,800	-0-	(15,054)	104,893
Total	\$ 810,839	\$ -0-	\$ (46,451)	\$ 769,535

Bonds and installment notes payable at June 30, 2004 are comprised of the following individual issues:

Revenue Bonds (Enterprise Fund)

\$275,000 Water Revenue Bonds dated 12-4-79; due in annual installments of \$5,000 to \$5,000 through December 4, 2019; interest at 5 percent.	\$ 142,000
\$200,000 Sewer Revenue Bonds dated 8-14-81; due in annual installments of \$2,000 to \$9,000 through August 14, 2021; interest at 5 percent.	132,066
\$500,000 Sewer Revenue Bonds dated 9-6-89; due in annual installments of \$33,450 through August 14, 2029; interest at 6 percent.	318,145
\$132,800 Sewer Revenue Bonds dated 9-6-89 through August 14, 2009 at 6% interest	69,330

Notes Payable (Enterprise Fund)

\$24,804 notes payable dated 8-16-02; due in monthly installments of \$1,033 through September 2004	\$ 3,101
---	----------

General Obligation Note

\$114,800 lease purchase agreement with Government Capital Corporation for the purpose of procuring a 2003 American LaFrance Pumper dated 2/3/03; Due in annual installments of \$19,267 through September 01/09; interest at 4%	\$ 104,893
Total	\$ 769,535

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

The annual requirements to amortize all debt outstanding as of June 30, 2004, including interest payments of \$642,269 are as follows:

Year Ending June 30,	Water Revenue Bonds	Sewer Revenue Bonds	Sewer Notes Payable	Fire Dept. Notes Payable	Total
2005	\$ 15,000	\$ 42,450	\$ 3,101	\$ 19,267	\$ 79,817
2006	15,000	42,450	-0-	19,267	76,717
2007	15,000	42,450	-0-	19,267	76,717
2008	15,000	42,450	-0-	19,267	76,717
2009	15,000	42,450	-0-	19,267	76,717
2001-2014	75,000	212,250	-0-	19,267	306,517
2015-2019	75,000	212,250	-0-	-0-	287,250
2020-2024	-0-	194,250	-0-	-0-	194,250
2025-2029	-0-	167,250	-0-	-0-	167,250
Total	\$ 225,000	\$ 998,250	\$ 3,101	\$ 115,602	\$ 1,341,952

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, 2004 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.

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated August 14, 1981, and those dated September 6, 1989, earnings of the Sewer 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 "Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Sewer Reserve Fund" 5% of the amount paid into the Sinking Fund until such time as there has been accumulated there in the sum of \$45,900. 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, 2004 the Town of Olla had set aside the amount of \$45,216 into this "Sewer Reserve Fund".

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

(d) There will also be set aside into a "Sewer Depreciation and Contingency Fund" \$188 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 Funds. When the Revenue Bonds dated August 14, 1991 are paid in full the monthly payment may be reduced to \$144.

(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.

At June 30, 2004 the Enterprise Fund Retained Earnings were reserved for the purposes noted above as follows:

Revenue Bond Reserve Fund	\$ 163,816
Depreciation And Contingencies Fund	25,410
Total	<u>\$ 189,226</u>

6. PENSION PLAN (HAVE NOT UPDATED)

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)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. [All employees of the municipality are members of (Plan A) (Plan B)]. [or Some employees of the municipality are members of Plan A and some are members of Plan B.]

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with a least 25 years of creditable service, or after any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. [Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.] Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504)925-4810.

TOWN OF OLLA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding Policy. [Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 4.5 percent of annual covered payroll]. [Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 3.75 percent of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under Plan B for the years ending June 30, 2004 and 2003 were \$10,381 and \$18,225 respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service are at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504)929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under for the years ending June 30, 2004 and 2003 were \$12,129 and \$11,537, equal to the required contributions for each year.

7. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

8. ENCUMBRANCES

The Town does not utilize encumbrance accounting.

9. ELECTED OFFICIALS SALARIES

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Date Of Service</u>
Benard Miller	Mayor	\$ 18,512	7/1/2003 – 06/30/2004
Wanda Love	Councilwoman	1,200	7/1/2003 – 06/30/2004
Carrieece Duke	Councilwoman	600	7/1/2003 – 06/30/2004
B.G. "Ben" McCrory	Councilman	600	7/1/2003 – 06/30/2004
Roy Masters	Councilman	600	7/1/2003 – 06/30/2004
Sidney Emfinger	Councilman	600	7/1/2003 – 06/30/2004
Gary Taylor	Police Chief	35,154	7/1/2003 – 06/30/2004

10. CONTINGENCIES

The Town was informed by letter on September 15, 1997 by the Louisiana Department of Environmental Quality that the Town is in violation of portions of the Louisiana Environmental Quality Act (La. R.S. 30:2001) as it related to the operation and maintenance of the Town's sewer system.

11. INSURANCE EXPIRATION DATES

<u>Type</u>	<u>Company</u>	<u>Date Of Expiration</u>
Property	St. Paul Companies	7/1/2004
General Liability	St. Paul Companies	7/1/2004
Business Auto	St. Paul Companies	7/1/2004
Fidelity Bond	St. Paul Companies	7/1/2004
Workers Compensation	La Municipal Risk Mgt. Agency	1/1/2005

TOWN OF OLLA, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

12. RATES

The Town of Olla Enterprise Fund has the following rates. The deposit amounts are listed below:

Renter	\$	75.00
Owner		50.00

Rate Schedule:

Water	ICL - \$7.50 for the 1 st 3,000 gal., 2.75 per 1,000 thereafter OCL - \$10.00 for the 1 st 3,000 gal., 3.75 per 1,000 thereafter
Urania	\$1.75 per 1,000 gal., minimum of \$300.00 or 200,000
Pleasant Ridge	\$1.75 per 1,000 gal., no minimum
Bulk Water Rates	\$5.00 per 1,000 gal.
Sewer	Residential \$7.50 for 1 st 3,000 gal., \$.75 per 1,000 thereafter Commercial \$15.00 for 1 st 10,000 gal., \$.75 per 1,000 thereafter
Fire	Residential - \$3.50 per location Commercial - \$10.00 per location
Garbage	Residential \$10.00 per household or unit Commercial \$10.50 & up based on the amount of garbage & amount of time for collection
Water & Sewer Taps ICL	\$100.00
Water & Sewer Taps OCL	\$350.00

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF OLLA, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2004

	Budget Amounts		Actual	Budget to
	Original	Final	Amounts Budgetary Basis	GAAP Differences Over (Under)
Revenues				
<i>Fees and charges</i>	\$ 244,758	\$ 252,550	\$ 253,025	\$ 475
Taxes	35,100	35,770	35,868	98
Fines	190,950	203,000	206,893	3,893
Grants	24,500	20,200	20,152	(48)
Donations	6,100	12,650	14,008	1,358
Insurance	39,700	40,100	34,548	(5,552)
Other	18,620	24,040	35,268	11,228
Total Revenues	<u>\$ 559,728</u>	<u>\$ 588,310</u>	<u>\$ 599,762</u>	<u>\$ 11,452</u>
Expenditures				
General & Administrative	\$ 323,630	\$ 276,359	\$ 287,918	\$ (11,559)
Police Expense	208,548	230,050	229,500	550
Fire	70,755	43,280	45,398	(2,118)
Street and Sanitation	84,845	92,250	95,855	(3,605)
Capital Outlay	26,705	26,450	34,577	(8,127)
Debt Service	-0-	19,270	19,267	3
Total Expenditures	<u>\$ 714,483</u>	<u>\$ 687,659</u>	<u>\$ 712,515</u>	<u>\$ (24,856)</u>
Excess (Deficiency) of Revenues Over Under Expenditures	\$ (154,755)	\$ (99,349)	\$ (112,753)	\$ (13,404)
Other Financing Sources (uses)				
Transfers In/(Out)	\$ -0-	\$ -0-	\$ 4,299	\$ 4,299
Net Change in Fund Balance	\$ (154,755)	\$ (99,349)	\$ (108,454)	\$ (9,105)
Fund Balance at Beginning of Year	<u>\$ 455,008</u>	<u>\$ 455,008</u>	<u>\$ 454,830</u>	<u>\$ (178)</u>
Fund Balance at End of Year	<u>\$ 300,253</u>	<u>\$ 355,659</u>	<u>\$ 346,376</u>	<u>\$ (9,283)</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

TOWN OF OLLA, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

I was engaged to audit the general purpose financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated August 25, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

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 Circular A-133?

Yes No

TOWN OF OLLA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2004

Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

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, 2003.

There were no prior year findings or management letter comments.