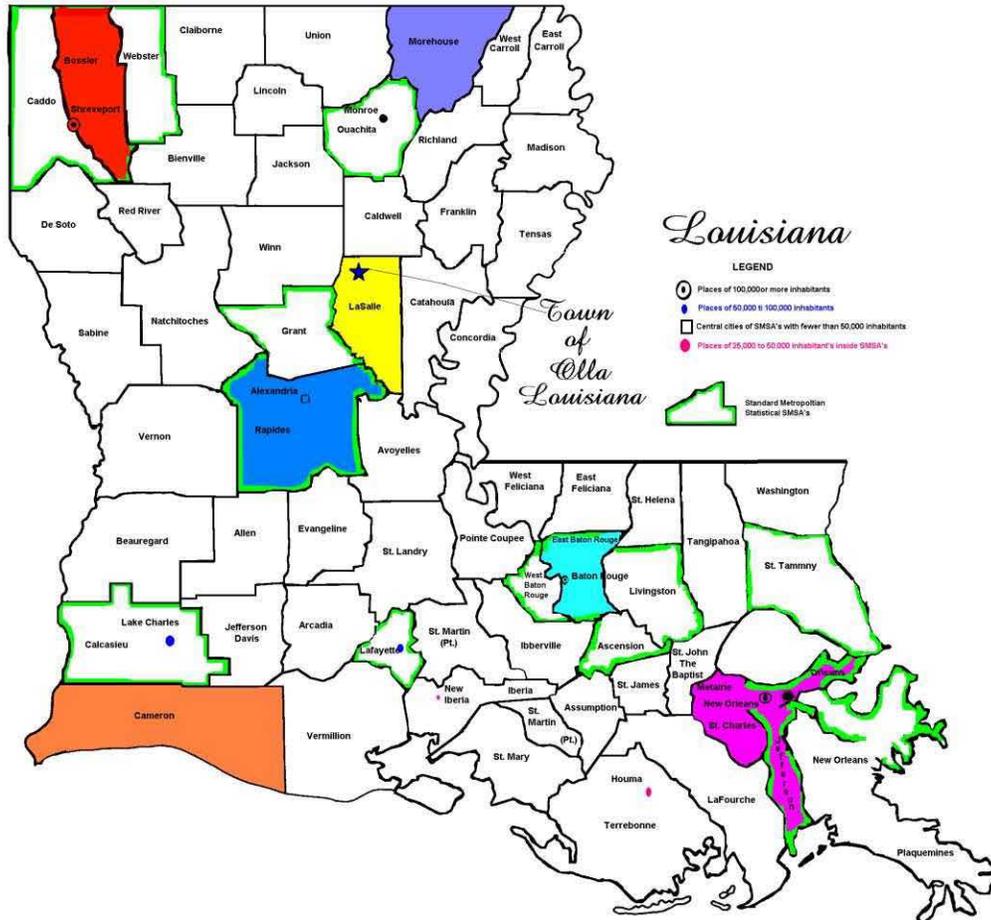


**TOWN OF OLLA, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2018**

# TOWN OF OLLA, LOUISIANA



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

**TOWN OF OLLA, LOUISIANA**  
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**June 30, 2018**

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### MEMBERS

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Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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, State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of Olla, State of Louisiana, as of June 30, 2018, 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.

## **Emphasis of Matter**

As disclosed in the schedules and statements, the total net pension liability for the Town of Olla's Retirement Plan was \$303,599 as of June 30, 2018. 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 at June 30, 2018, could be under or overstated.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is 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 September 17, 2018, on our consideration of the Town of Olla, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Olla, State Louisiana’s internal control over financial reporting and compliance.

*The Vercher Group*

Jena, Louisiana  
September 17, 2018

# TOWN OF OLLA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town, we offer readers of the Town of Olla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. 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 \$2,247,707 (*net position*). This is a \$30,330 increase from last year.
- The Town had total revenue of \$958,343 in which \$250,699 came from fines, \$357,470 came from fees & charges, and \$64,956 came from grants. This is a \$29,094 decrease from last year's revenues, mainly due to a decrease in fines in the amount of \$16,211.
- The Town had total expenditures of \$926,895, which is a \$6,368 decrease from last year. The main cause for this decrease is due to a decrease in street and sanitation expense in the amount of \$11,554.

#### *Enterprise Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,841,265 (*net position*). This is a \$375,859 increase from last year.
- The Town had total revenue of \$908,298, including operating revenues of \$635,489, non-operating revenues of \$1,391 and capital contributions in the amount of \$271,418. This is a \$243,238 increase from last year, mainly due to an increase in capital contributions in the amount of \$234,516.
- The Town had total expenses of \$698,799, in which \$687,447 was operating expenses and \$11,352 was non-operating expenses. This is a \$39,452 increase from last year mainly due to an increase in operating/administrative sewer expense in the amount of \$39,305.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### FUND FINANCIAL STATEMENTS

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

### USING THIS ANNUAL REPORT

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

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

### Reporting the Town's Most Significant Funds

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

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

## MD&A

### GOVERNMENTAL FUNDS

#### Comparative Statement of Net Position

Assets	2017	2018	% Change
Cash & Investments	\$ 395,132	\$ 422,572	7.0
Receivables	36,672	36,964	0.8
Capital Assets, Net of Accumulated Depreciation	2,283,874	2,225,225	-2.6
<b>Total Assets</b>	<u>2,715,678</u>	<u>2,684,761</u>	-1.1
<b>Deferred Outflows of Resources</b>	92,350	32,174	-65.2
<b>Liabilities &amp; Net Position</b>			
Accounts, Salaries, & Other Payables	21,117	17,401	-17.6
Accrued Interest	1,860	823	-55.8
Bonds & Notes Payable	123,434	78,000	-36.8
Net Pension Liability	422,047	303,599	-28.1
<b>Total Liabilities</b>	<u>568,458</u>	<u>399,823</u>	-29.7
<b>Deferred Inflows of Resources</b>	22,193	69,405	212.7
<b>Net Position</b>			
Net Investment in Capital Assets	2,160,440	2,147,225	-0.6
Unrestricted	56,937	100,482	76.5
<b>Total Net Position</b>	<u>\$ 2,217,377</u>	<u>\$ 2,247,707</u>	1.4

#### Comparative Changes in Fund Balances

Revenues	2017	2018	% Change
Fees & Charges	\$ 355,870	\$ 357,470	0.5
Taxes	51,118	52,988	3.7
Fines	266,910	250,699	-6.1
Donations	11,797	9,183	-22.2
Interest	272	357	31.3
Reimbursements	10,337	12,139	17.4
Rental	207,671	207,946	0.1
Miscellaneous	10,572	2,605	-75.4
<b>Total Revenues</b>	<u>914,547</u>	<u>893,387</u>	-2.3
<b>Expenditures</b>			
General & Administrative	127,827	143,362	12.2
Police Expense	274,650	275,791	0.4
Fire	64,033	62,729	-2.0
Street & Sanitation	171,230	159,676	-6.8
Dixie Center	10,246	10,354	1.1
Commercial Building	52,080	57,153	9.7
Recreation Complex	13,040	11,229	-13.9
Debt Service	129,525	129,440	-0.1
Capital Outlay	90,632	77,161	-14.9
<b>Total Expenditures</b>	<u>933,263</u>	<u>926,895</u>	-0.7
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(18,716)</u>	<u>(33,508)</u>	79.0
<b>Other Financing Sources (Uses):</b>			
Transfers In/(Out)	-0-	-0-	0.0
<b>Total Other Financing Sources (Uses)</b>	<u>-0-</u>	<u>-0-</u>	0.0
<b>Capital Contributions</b>	<u>72,890</u>	<u>64,956</u>	-10.9
<b>Net Change in Fund Balance</b>	54,174	31,448	-42.0
<b>Prior Period Adjustment</b>	21,250	-0-	-100.0
<b>Fund Balances – Beginning</b>	335,263	410,687	22.5
<b>Fund Balances – Ending</b>	<u>\$ 410,687</u>	<u>\$ 442,135</u>	7.7

## MD&A

### ENTERPRISE FUNDS

#### Comparative Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>Assets</b>			
Cash & Investments	\$ 159,836	\$ 208,125	30.2
Receivables	55,205	57,515	4.2
Restricted Assets	306,486	307,478	0.3
Capital Assets, Net of Accumulated Depreciation	<u>2,914,485</u>	<u>3,003,415</u>	3.1
<b>Total Assets</b>	<u><u>3,436,012</u></u>	<u><u>3,576,533</u></u>	4.1
<b>Liabilities and Net Position</b>			
Accounts, Salaries, & Other Payables	11,175	8,799	-21.3
Other Liabilities	119,509	105,494	-11.7
Bonds Payable	<u>839,922</u>	<u>620,975</u>	-26.1
<b>Total Liabilities</b>	<u><u>970,606</u></u>	<u><u>735,268</u></u>	-24.3
<b>Net Position</b>			
Net Investment in Capital Assets	2,074,563	2,382,440	14.8
Restricted For Debt Service	113,955	183,076	60.7
Unrestricted	<u>276,888</u>	<u>275,749</u>	-0.4
<b>Total Net Position</b>	<u><u>\$ 2,465,406</u></u>	<u><u>\$ 2,841,265</u></u>	15.3

#### Comparative Changes in Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
<b>Operating Revenues</b>			
Water Sales	\$ 321,763	\$ 322,640	0.3
Sewer Charges	89,654	88,029	-1.8
Sales Tax	199,908	202,973	1.5
Other	<u>15,668</u>	<u>21,847</u>	39.4
<b>Total Operating Revenues</b>	<u><u>626,993</u></u>	<u><u>635,489</u></u>	1.4
<b>Operating Expenses</b>			
Operating/Administrative Water	237,789	250,068	5.2
Operating/Administrative Sewer	210,554	249,859	18.7
Depreciation	<u>181,319</u>	<u>187,520</u>	3.4
<b>Total Operating Expenses</b>	<u><u>629,662</u></u>	<u><u>687,447</u></u>	9.2
<b>Operating Income (Loss)</b>	<u><u>(2,669)</u></u>	<u><u>(51,958)</u></u>	1,846.7
<b>Non-Operating Revenues (Expenses)</b>			
Interest Earnings	1,165	1,391	19.4
Interest Expense	<u>(29,685)</u>	<u>(11,352)</u>	-61.8
<b>Total Non-Operating Revenues (Expenses)</b>	<u><u>(28,520)</u></u>	<u><u>(9,961)</u></u>	-65.1
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<u><u>(31,189)</u></u>	<u><u>(61,919)</u></u>	98.5
<b>Transfers In/(Out)</b>	-0-	-0-	0.0
<b>Capital Contributions</b>	<u><u>36,902</u></u>	<u><u>271,418</u></u>	635.5
<b>Change in Net Position</b>	5,713	209,499	3,567.1
<b>Prior Period Adjustment</b>	26,692	166,360	523.3
<b>Total Net Position - Beginning</b>	2,433,001	2,465,406	1.3
<b>Total Net Position - Ending</b>	<u><u>\$ 2,465,406</u></u>	<u><u>\$ 2,841,265</u></u>	15.3

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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2018, the Town had \$2,225,225 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$58,649 decrease from last year.

#### Capital Assets at Year-End

	2017	2018
General *	\$ 3,037,376	\$ 3,103,191
Police	193,259	198,687
Fire*	574,213	580,131
Street & Sanitation	106,423	106,423
Recreation Complex	409,524	409,524
Accumulated Depreciation	(2,036,921)	(2,172,731)
<b>Total Capital Assets, Net</b>	<b>\$ 2,283,874</b>	<b>\$ 2,225,225</b>

\* Land in the amount of \$241,761 is not being depreciated.

#### *Capital Assets – Enterprise Fund*

At June 30, 2018, the Town had \$3,003,415 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is an \$88,930 increase from last year.

#### Capital Assets at Year-End

	2017	2018
Water & Sewer Systems	\$ 6,602,957	\$ 6,879,407
Accumulated Depreciation	(3,688,472)	(3,875,992)
<b>Total Capital Assets, Net</b>	<b>\$ 2,914,485</b>	<b>\$ 3,003,415</b>

### CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2018.

	Balance 6-30-2017	Additions	Reductions	Balance 6-30-2018
Revenue Bonds & Notes (Business-Type Activities)	\$ 839,922	\$ -0-	\$ (218,947)	\$ 620,975
General Obligation Debt (Governmental Activities)	200,000	-0-	(122,000)	78,000
<b>Total</b>	<b>\$ 1,039,922</b>	<b>\$ -0-</b>	<b>\$ (340,947)</b>	<b>\$ 698,975</b>

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2018**

	PRIMARY GOVERNMENT			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 407,354	\$ 197,586	\$ 604,940	\$ 11,437
Investments	15,218	10,539	25,757	193,500
Receivables, Net of Allowances	36,964	57,515	94,479	-0-
<b>TOTAL CURRENT ASSETS</b>	459,536	265,640	725,176	204,937
<b>NON-CURRENT ASSETS</b>				
Restricted Assets	-0-	307,478	307,478	-0-
Capital Assets, Net of Accumulated Depreciation	2,225,225	3,003,415	5,228,640	-0-
<b>TOTAL NON-CURRENT ASSETS</b>	2,225,225	3,310,893	5,536,118	-0-
<b>TOTAL ASSETS</b>	2,684,761	3,576,533	6,261,294	204,937
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows – Municipal Employees’ Pension	11,425	-0-	11,425	-0-
Deferred Outflows – Municipal Police Pension	20,749	-0-	20,749	-0-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	32,174	-0-	32,174	-0-
<b>CURRENT LIABILITIES</b>				
Accounts, Salaries, & Other Payables	17,401	8,799	26,200	-0-
<b>TOTAL CURRENT LIABILITIES</b>	17,401	8,799	26,200	-0-
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Customer Deposits	-0-	99,086	99,086	-0-
Accrued Interest Payable	823	6,408	7,231	-0-
Current Bonds & Notes Payable	37,000	42,665	79,665	-0-
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	37,823	148,159	185,982	-0-
<b>NON-CURRENT LIABILITIES</b>				
Bonds & Notes Payable	41,000	578,310	619,310	-0-
Net Pension Liabilities	303,599	-0-	303,599	-0-
<b>TOTAL NON-CURRENT LIABILITIES</b>	344,599	578,310	922,909	-0-
<b>TOTAL LIABILITIES</b>	399,823	735,268	1,135,091	-0-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows – Municipal Employees’ Pension	25,190	-0-	25,190	-0-
Deferred Inflows – Municipal Police Pension	44,215	-0-	44,215	-0-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	69,405	-0-	69,405	-0-
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,147,225	2,382,440	4,529,665	-0-
Restricted	-0-	183,076	183,076	-0-
Unrestricted	100,482	275,749	376,231	204,937
<b>TOTAL NET POSITION</b>	\$ 2,247,707	\$ 2,841,265	\$ 5,088,972	\$ 204,937

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

	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
<b>GOVERNMENTAL ACTIVITIES</b>									
General Government	\$ (213,250)	\$ 121,971	\$ 61,602	\$ -0-	\$ (29,677)	\$ (29,677)	\$ (29,677)	\$ (7,181)	
Police	(276,184)	568	-0-	-0-	(275,616)	(275,616)	(275,616)	-0-	
Fire	(90,445)	85,304	-0-	-0-	(5,141)	(5,141)	(5,141)	-0-	
Streets & Sanitation	(165,465)	149,627	-0-	-0-	(15,838)	(15,838)	(15,838)	-0-	
Dixie Center	(10,354)	-0-	3,354	-0-	(7,000)	(7,000)	(7,000)	-0-	
Commercial Building	(57,153)	-0-	-0-	-0-	(57,153)	(57,153)	(57,153)	-0-	
Recreation Complex	(40,080)	-0-	-0-	-0-	(40,080)	(40,080)	(40,080)	-0-	
Interest on Long-Term Debt	(7,440)	-0-	-0-	-0-	(7,440)	(7,440)	(7,440)	-0-	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>(860,371)</u>	<u>357,470</u>	<u>64,956</u>	<u>-0-</u>	<u>(437,945)</u>	<u>(437,945)</u>	<u>(437,945)</u>	<u>(7,181)</u>	
<b>BUSINESS-TYPE ACTIVITIES</b>									
Water & Sewer	(687,447)	410,669	271,418	-0-	(5,360)	(5,360)	(5,360)	-0-	
Interest on Long-Term Debt	(11,352)	-0-	-0-	-0-	(11,352)	(11,352)	(11,352)	-0-	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>(698,799)</u>	<u>410,669</u>	<u>271,418</u>	<u>-0-</u>	<u>(16,712)</u>	<u>(16,712)</u>	<u>(16,712)</u>	<u>-0-</u>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ (1,559,170)</u>	<u>\$ 768,139</u>	<u>\$ 336,374</u>	<u>\$ -0-</u>	<u>\$ (454,657)</u>		<u>(454,657)</u>	<u>(7,181)</u>	
			<b>GENERAL REVENUES:</b>						
			Fines & Penalties			250,699	-0-	250,699	-0-
			Taxes			52,988	202,973	255,961	-0-
			Donations			9,183	-0-	9,183	3,470
			Fees			-0-	-0-	-0-	1,088
			Reimbursements			12,139	-0-	12,139	-0-
			Investment Earnings			357	1,391	1,748	867
			Other General Revenues			218,438	21,847	240,285	92
			<b>TRANSFERS IN/(OUT)</b>			-0-	-0-	-0-	-0-
			<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>			<u>543,804</u>	<u>226,211</u>	<u>770,015</u>	<u>5,517</u>
			<b>CHANGE IN NET POSITION</b>			105,859	209,499	315,358	(1,664)
			<b>PRIOR PERIOD ADJUSTMENT</b>			(75,529)	166,360	90,831	-0-
			<b>NET POSITION-BEGINNING</b>			<u>2,217,377</u>	<u>2,465,406</u>	<u>4,682,783</u>	<u>206,601</u>
			<b>NET POSITION-ENDING</b>			<u>\$ 2,247,707</u>	<u>\$ 2,841,265</u>	<u>\$ 5,088,972</u>	<u>\$ 204,937</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2018**

	<b>GENERAL FUND</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 407,354
Investments	15,218
Receivables (Net of Allowances for Uncollectible)	<u>36,964</u>
<b>TOTAL ASSETS</b>	<u><u>459,536</u></u>
 <b>LIABILITIES &amp; FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts, Salaries, & Other Payables	<u>17,401</u>
<b>TOTAL LIABILITIES</b>	<u><u>17,401</u></u>
 <b>FUND BALANCE</b>	
Committed-Fire	64,635
Unassigned	<u>377,500</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u><u>\$ 459,536</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**June 30, 2018**

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

Fund Balance, Total Governmental Funds (Statement C)		\$ 442,135
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets Accum. Depr.	4,397,956 <u>(2,172,731)</u>
		2,225,225
Deferred outflows and inflows are not financial resources or currently payable.	Outflows Inflows	32,174 <u>(69,405)</u>
		(37,231)
Long-term liabilities including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.	Bonds Payable Accrued Interest	(78,000) <u>(823)</u>
		(78,823)
Long-term net pension liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(303,599)</u>
		(303,599)
Net Position of Governmental Activities (Statement A)		\$ <u><u>2,247,707</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, 2018**

		<b>GENERAL FUND</b>
<b>REVENUES</b>		
Fees & Charges	\$	357,470
Taxes		52,988
Fines		250,699
Donations		9,183
Interest		357
Reimbursements		12,139
Rental		207,946
Capital Grants		64,956
Miscellaneous		2,605
<b>TOTAL REVENUES</b>		<b>958,343</b>
 <b>EXPENDITURES</b>		
General & Administrative		143,362
Police Expense		275,791
Fire		62,729
Street & Sanitation		159,676
Dixie Center		10,354
Commercial Building		57,153
Recreation Complex		11,229
Debt Service		129,440
Capital Outlay		77,161
<b>TOTAL EXPENDITURES</b>		<b>926,895</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>		 <b>31,448</b>
 <b>OTHER FINANCING SOURCES (USES):</b>		
Transfers In/(Out)		-0-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>-0-</b>
 <b>NET CHANGE IN FUND BALANCE</b>		 <b>31,448</b>
 <b>FUND BALANCES--BEGINNING</b>		 <b>410,687</b>
<b>FUND BALANCES--ENDING</b>	\$	<b>442,135</b>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2018**

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

Net Change in Fund Balances, Total governmental Funds, Statement E		\$	31,448
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		77,161
	Depreciation Exp	-----	(135,810)
			(58,649)
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	-----	122,000
			122,000
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 Expenses		3,173
	Pension Revenue	-----	7,887
			11,060
Changes in Net Position of Governmental Activities, Statement B		\$	<u>105,859</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position, Proprietary Funds**  
**June 30, 2018**

		<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) WATER &amp; SEWER FUND</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$	197,586
Investments		10,539
Receivables (Net of Allowances for Uncollectible)		57,515
<b>TOTAL CURRENT ASSETS</b>		<b>265,640</b>
<b>NON-CURRENT ASSETS</b>		
Restricted Assets		307,478
Capital Assets (Net of Accumulated Depreciation)		3,003,415
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,310,893</b>
<b>TOTAL ASSETS</b>		<b>3,576,533</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts, Salaries, & Other Payables		8,799
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,799</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Customer Deposits		99,086
Accrued Interest Payable		6,408
Revenue Bonds Payable		42,665
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		<b>148,159</b>
<b>NON-CURRENT LIABILITIES</b>		
Revenue Bonds		578,310
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>578,310</b>
<b>TOTAL LIABILITIES</b>		<b>735,268</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		2,382,440
Restricted for Debt Service		183,076
Unrestricted		275,749
<b>TOTAL NET POSITION</b>	\$	<b>2,841,265</b>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) TOTAL ENTERPRISE FUNDS</b>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 322,640
Sewer Charges	88,029
Sales Tax	202,973
Other	21,847
<b>TOTAL OPERATING REVENUES</b>	<b>635,489</b>
<b>OPERATING EXPENSES</b>	
Operating/Administrative Water	250,068
Operating/Administrative Sewer	249,859
Depreciation	187,520
<b>TOTAL OPERATING EXPENSES</b>	<b>687,447</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(51,958)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Earnings	1,391
Interest Expense	(11,352)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(9,961)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(61,919)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In/(Out)	-0-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>271,418</b>
<b>CHANGE IN NET POSITION</b>	<b>209,499</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>166,360</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>2,465,406</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 2,841,265</b>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2018**

	<b>ENTERPRISE FUND WATER &amp; SEWER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers, Users, & Taxes	\$ 633,179
Payments to Suppliers & Employees	(500,654)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>132,525</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from (to) Other Funds	-0-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-0-</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Receipts from Capital Grants	271,418
Interest Paid on Capital Debt	(11,352)
Principal Paid on Revenue Bonds	(68,251)
Proceeds from Bonds	-0-
Acquisition & Construction of Capital Assets	(276,450)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(84,635)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
(Increase) Decrease in Restricted Assets	(992)
Interest & Dividends Received	1,391
(Increase) Decrease In Investments	-0-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>399</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>48,289</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>149,297</b>
<b>CASH - END OF YEAR</b>	<b>197,586</b>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>OPERATING INCOME/(LOSS)</b>	<b>(51,958)</b>
Depreciation Expense	187,520
(Increase) Decrease in Accounts Receivable	(2,310)
Increase (Decrease) in Accounts Payables	(2,376)
Increase (Decrease) in Customer Deposits	2,335
Increase (Decrease) in Accrued Interest	(686)
<b>TOTAL ADJUSTMENTS</b>	<b>184,483</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 132,525</b>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

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

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

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

## TOWN OF OLLA, LOUISIANA

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

#### **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:

#### **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.

## TOWN OF OLLA, LOUISIANA

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

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

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.

## TOWN OF OLLA, LOUISIANA

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

When both restricted and unrestricted resources are available for use, it is the town's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned amounts are available for use, it is the town's policy to use committed first, assigned next and unassigned last.

#### 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.

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 District 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;

**TOWN OF OLLA, LOUISIANA**

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

- 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, 2018, 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:

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

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

**E. CASH & INVESTMENTS**

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

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

- *Category 1* – Insured or collateralized with securities held by the Town 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.

	<b>Southern Heritage</b>	<b>Catahoula/ LaSalle</b>	<b>Concordia Bank</b>	<b>Total</b>
<b>Bank Balances</b>	\$ 1,044,382	\$ 126,004	\$ 4,892	\$ 1,175,278
<i>Secured As Follows</i>				
FDIC ( <i>Category 1</i> )	701,702	126,004	4,892	832,598
Securities ( <i>Category 2</i> )	479,678	-0-	-0-	479,678
Uncollateralized ( <i>Category 3</i> )	-0-	-0-	-0-	-0-
<b>Total</b>	\$ 1,181,380	\$ 126,004	\$ 4,892	\$ 1,312,276

Deposits were fully secured as of June 30, 2018.

**TOWN OF OLLA, LOUISIANA**

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

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

		<b>Value At 6-30-2018</b>
CD's	\$	-0-
33 Shares of First Energy at \$35.91		1,185
60 Shares of Pacific Gas at \$42.56		2,554
<b>Total</b>	<b>\$</b>	<b>3,739</b>

***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.

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, 2018 the receivables were as follows:

	<b>Enterprise Fund</b>	<b>Governmental Fund</b>
	<b>Water &amp; Sewer Fund</b>	<b>General Fund</b>
Tax & License	\$ 16,232	\$ 23,487
Customer	82,223	12,964
Grants	-0-	513
Allowance for Bad Debts	(40,940)	-0-
<b>Total</b>	<b>\$ 57,515</b>	<b>\$ 36,964</b>

**TOWN OF OLLA, LOUISIANA**

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

**H. COMPENSATED ABSENCES**

The Town has no compensated absence policy.

**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, 2018, taxes of 6.92 mills were levied against property having a valuation of some \$6,554,4020, which produced some \$45,354 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>6.92</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, 2018, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<b>Water</b>	<b>Sewer</b>
Bond Sinking/Reserve	\$ 95,792	\$ 104,441
Meter Deposit	75,329	-0-
Depreciation & Contingencies	10,531	21,385
<b>Total</b>	\$ 181,652	\$ 125,826

**5. FIXED ASSETS**

***Governmental Fund:***

A summary of governmental fund assets at June 30, 2018, is as follows:

	<b>Balance 6-30-2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2018</b>
General/Administrative *	\$ 3,037,376	\$ 65,815	\$ -0-	\$ 3,103,191
Police	193,259	5,428	-0-	198,687
Fire *	574,213	5,918	-0-	580,131
Street & Sanitation	106,423	-0-	-0-	106,423
Recreation Complex	409,524	-0-	-0-	409,524
<b>Total Capital Assets</b>	4,320,795	77,161	-0-	4,397,956
Accumulated Depreciation	(2,036,921)	(135,810)	-0-	(2,172,731)
<b>Total Capital Assets, Net</b>	\$ 2,283,874	\$ (58,649)	\$ -0-	\$ 2,225,225

\* Land in the amount of \$241,761 is not being depreciated.

***Property Enterprise Fund:***

A summary of enterprise fund property, plant and equipment at June 30, 2018, is as follows:

	<b>Balance 6-30-2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2018</b>
Water & Sewer Systems	\$ 6,602,957	\$ 276,450	\$ -0-	\$ 6,879,407
Accumulated Depreciation	(3,688,472)	(187,520)	-0-	(3,875,992)
<b>Total Capital Assets, Net</b>	\$ 2,914,485	\$ 88,930	\$ -0-	\$ 3,003,415

**TOWN OF OLLA, LOUISIANA**

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

**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, 2018.

	<b>Balance 6-30-2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6-30-2018</b>
Revenue Bonds & Notes (Business-Type Activities)	\$ 839,922	\$ -0-	\$ (218,947)	\$ 620,975
General Obligation Debt (Governmental Activities)	200,000	-0-	(122,000)	78,000
<b>Total</b>	<b>\$ 1,039,922</b>	<b>\$ -0-</b>	<b>\$ (340,947)</b>	<b>\$ 698,975</b>

Bonds and installment notes payable at June 30, 2018, are comprised of the following individual issues:

**Revenue Bonds (Enterprise Fund)**

\$346,000 Sales Tax Revenue Bonds dated 8-1-11; due in annual installments of \$18,405 to \$32,927 through August 1, 2029; interest at 4.5%. 220,078

\$115,000 Water Revenue Bonds Dated 4/01/13 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%. 86,608

\$479,985 Water Revenue Bonds dated 07/01/2014-01/01/2034 due in annual installments of \$20,266.68-\$24,354.00 at 2.95% interest on \$350,000.00 and 5% on \$85,000.00; due in annual installments of \$13,250 - \$17,250. 314,289

**General Obligation Note (Governmental Activities)**

\$200,000 General Revenue Bonds dated 4/26/10 through 4/1/20 at 4.5% interest on \$170,000 payable \$18,403 to \$24,540 annually and 0.0% interest on \$30,000 payable \$6,000 annually to April 2015. 47,000

\$100,000 Fire Dept Bonds Series 2013 dated 03/15/2013 through 04/01/2020; due in annual installments of \$16,374 to \$16,608; interest of 3.8% on \$85,000 and 0.0% on \$15,000. 31,000

**Total** **\$ 698,975**

**TOWN OF OLLA, LOUISIANA**

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

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

<b>Year Ending June 30,</b>	<b>Sales Tax Revenue Bonds</b>	<b>\$200,000 General Revenue Bonds</b>	<b>\$115,000 Water Revenue Bonds</b>	<b>\$100,000 Fire Dept Bonds</b>	<b>\$435,000 Water Revenue Bonds</b>	<b>Total</b>
2019	\$ 31,418	\$ 25,105	\$ 7,330	\$ 16,178	\$ 25,843	\$ 105,874
2020	31,450	25,115	10,690	16,608	26,325	110,188
2021	31,438	-0-	10,682	-0-	25,773	67,893
2022	31,380	-0-	10,673	-0-	26,221	68,274
2023	31,278	-0-	10,664	-0-	25,635	67,577
2024-2028	94,611	-0-	53,163	-0-	128,894	276,668
2029-2033	38,218	-0-	-0-	-0-	129,299	167,517
2034-2038	-0-	-0-	-0-	-0-	26,162	26,162
	<u>\$ 289,793</u>	<u>\$ 50,220</u>	<u>\$ 103,202</u>	<u>\$ 32,786</u>	<u>\$ 414,152</u>	<u>\$ 890,153</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.

**TOWN OF OLLA, LOUISIANA**

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

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.

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, 2018, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Revenue Bond Reserve Funds	\$ 232,149
Current Bonds Payable and Accrued Interest	<u>(49,073)</u>
Total Restricted Net Position	<u>\$ 183,076</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 prepares its employer schedules in accordance with the Governmental Accounting 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 employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The Municipal Employees' Retirement System's employer schedules are 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.

## TOWN OF OLLA, LOUISIANA

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

#### **B. 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 estimated and assumptions primarily related 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 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.

#### **NOTE 2 – PLAN DESCRIPTION**

The Municipal Employees' Retirement System of Louisiana (System) was originally 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 did not have their own retirement system and which elected to become members of the System.

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 ten years credible service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years credible service and who are not elected officials; 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 Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

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).

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 supplemental benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

**TOWN OF OLLA, LOUISIANA**

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

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.

*Plan Membership*

The System provides 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. For the year ended June 30, 2017, there were 84 contributing municipalities in Plan A and 68 in Plan B. At June 30, 2017, statewide retirement membership consists of the following:

	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Inactive plan members or beneficiaries receiving benefit	3,417	1,025	4,442
Inactive plan members entitled to but not yet receiving benefits	3,069	1,413	4,482
Active plan members	<u>4,937</u>	<u>2,125</u>	<u>7,062</u>
Total participants as of the valuation date	<u>11,423</u>	<u>4,563</u>	<u>15,986</u>

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 the 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 - 11:1785. 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.

## TOWN OF OLLA, LOUISIANA

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

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 or more years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Any wage with a minimum of five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five or more years credible service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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 monthly average final compensation multiplied by his years of creditable service. Final average 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.

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

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty-five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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 average compensation multiplied by his years of creditable service. Final average 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.

## TOWN OF OLLA, LOUISIANA

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

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 years of creditable service.
2. Age 60 with minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

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 monthly average final compensation multiplied by his years of creditable service. Final average 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 member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Seven years or more of service, at age 67 or thereafter.
2. Ten years or more of service, at age 62 or thereafter.
3. Thirty years or more of service, at age 55 or thereafter.
4. Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

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 average 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 death of any member of Plan A with five or more years of creditable service, not eligible for 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.

## TOWN OF OLLA, LOUISIANA

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

Upon death of any member of Plan B with five 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.

1. Surviving spouse who is married no less than twelve months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of 60 years old or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty percent benefit payable when the surviving spouse attains the age of 60.

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.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

#### D. Drop Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or Plan 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 the 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

## TOWN OF OLLA, LOUISIANA

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

is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active service 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 of Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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, in which he would receive a regular retirement benefit under retirement provisions. 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 thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

#### 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.

## **TOWN OF OLLA, LOUISIANA**

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

#### **NOTE 3 – CONTRIBUTIONS**

Contributions for all members are established by statute. Member contributions are at 9.50% 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, 2017, the employer contribution rate was 22.75% of member's earnings for Plan A. For the year ended June 30, 2017, the employer contribution rate was 11.00% of member's earnings for Plan B.

According to state statute, the System also receives one-fourth 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 Municipal Employee's Retirement System and the Employee's Retirement System of the City of 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 contribution entities.

#### **NOTE 4 – SCHEDULE OF EMPLOYER ALLOCATIONS**

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System of Louisiana. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort was based on actual employer contributions made to the Retirement System for the fiscal year ended June 30, 2017.

#### **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 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 – DISAGGREGATED PENSION AMOUNTS**

	<b>Amounts from the 2017 Employer Pension Report</b>		<b>2018 Employer Specific Amounts</b>		<b>2018 Total Pension Amounts</b>
Net Pension Liability	\$ 23,367	\$	-0-	\$	23,367
<i>Deferred Outflows of Resources Related to Pensions:</i>					
Deferred Outflows - Differences b/w Expected & Actual Experience	\$ 946		-0-	\$	946
Deferred Outflows - Difference b/w Projected & Actual Investment Earnings	38,050		-0-		38,050
Deferred Outflows - Changes of Assumptions	7,951		-0-		7,951
Deferred Outflows - Changes in Proportion & Diff. b/w Actual & Proportionate Contr.'s	2,465		52		2,517
Deferred Outflows - Contributions Subsequent to Measurement Date	-0-		21,561		21,561
<i>Deferred Inflows of Resources Related to Pensions:</i>					
Deferred Inflows - Differences b/w Expected & Actual Experience	\$ 3,921		-0-	\$	3,921
Deferred Inflows - Difference b/w Projected & Actual Investment Earnings	-0-		-0-		-0-
Deferred Inflows - Changes of Assumptions	-0-		-0-		-0-
Deferred Inflows - Changes in Proportion & Diff. b/w Actual & Proportionate Contr.'s	23,058		-0-		23,058
Pension Expense	\$ 23,367	\$	(52)	\$	23,315
Revenue	\$ 5,197	\$	-0-	\$	5,197

**TOWN OF OLLA, LOUISIANA**

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

**NOTE 7 – 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 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 determined in accordance with GASB No. 67 as of June 30, 2017 are as follows:

	<b>Plan A</b>
	<b>June 30, 2017</b>
Total pension liability	\$ 1,115,400,101
Plan fiduciary net position	697,057,939
Employer's net pension liability	\$ 418,342,162
Plan fiduciary net position as a % of the total pension liability	 62.49%

The components of the net pension liability of the System's employers for plan B determined in accordance with GASB No. 67 as of June 30, 2017 are as follows:

	<b>Plan B</b>
	<b>June 30, 2017</b>
Total pension liability	\$ 236,991,237
Plan fiduciary net position	150,467,958
Employer's net pension liability	\$ 86,523,279
Plan fiduciary net position as a % of the total pension liability	 63.49%

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.

**TOWN OF OLLA, LOUISIANA**

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

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

Information on the actuarial valuation and assumptions is as follows:

	<b><u>June 30, 2017</u></b>
Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal cost
Expected remaining service lives	3 years-Plan A and 4 years-Plan B
Investment rate of return	7.400%
Inflation rate	2.775%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled lives mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

*Discount Rate*

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 inflation and an adjustment for the effect of rebalancing/diversification.

## TOWN OF OLLA, LOUISIANA

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

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, 2017 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	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	<u>15%</u>	<u>0.7%</u>
Totals	<u>100%</u>	<u>4.6%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

The discount rate used to measure the total pension liability was 7.40% for the years ended June 30, 2017. The projection of cash flows used to determine the discount assumed that contributions from plan members will be 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.

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 with regard 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 Expected Remaining Service Lives (ERSL) for 2017 is 3 years for Plan A and 4 years for Plan B.

**TOWN OF OLLA, LOUISIANA**

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

**NOTE 8 – SENSITIVITY TO CHANGES IN DISCOUNT RATE**

The following presents the net pension liability of the System calculated using the discount rate of 7.4%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4%) or one percentage point higher (8.4%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2017 for Plan A are as follows:

	<b>Plan A</b>		
	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net pension liability	\$ <u>533,106,979</u>	\$ <u>418,342,162</u>	\$ <u>320,450,929</u>

Changes in discount for years ending June 30, 2017 for Plan B are as follows:

	<b>Plan B</b>		
	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Net pension liability	\$ <u>111,951,406</u>	\$ <u>86,523,279</u>	\$ <u>64,823,898</u>

**NOTE 9 – CHANGE IN NET PENSION LIABILITY**

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

*Differences between Expected and Actual Experience*

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability 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 differences between expected and actual experience for Plan A and Plan B as of June 30, 2017 are as follows:

## TOWN OF OLLA, LOUISIANA

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

Plan A					
December 31, 2017					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ -0-	\$ 12,403,109	\$ (4,134,370)	\$ -0-	\$ 8,268,739
2016	-0-	8,944,511	(4,472,255)	-0-	4,472,256
	\$ -0-	\$ 21,347,620	\$ (8,606,625)	\$ -0-	\$ 12,740,995

Plan B					
December 31, 2017					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ -0-	\$ 1,895,698	\$ (473,925)	\$ -0-	\$ 1,421,773
2016	679,856	-0-	226,620	453,236	-0-
2015	-0-	913,087	(456,550)	-0-	456,537
	\$ 679,856	\$ 2,808,785	\$ (703,855)	\$ 453,236	\$ 1,878,310

The difference between projected and actual investment earnings results in a deferred net outflow for Plan A and Plan B as of June 30, 2017 as follows:

Plan A						
December 31, 2017						
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Outflows Balance
2017	\$ 18,915,901	\$ -0-	\$ 3,783,180	\$ 15,132,721	\$ -0-	\$ 15,132,731
2016	58,081,921	-0-	14,520,480	43,561,441	-0-	43,561,441
2015	47,427,142	-0-	15,809,048	31,618,094	-0-	31,618,094
2014	-0-	11,905,532	(5,952,762)	-0-	5,952,770	(5,952,770)
	\$ 124,424,964	\$ 11,905,532	\$ 28,159,946	\$ 90,312,256	\$ 5,952,770	\$ 84,359,496

Plan B						
December 31, 2017						
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Outflows Balance
2017	\$ 4,100,380	\$ -0-	\$ 820,076	\$ 3,280,304	\$ -0-	\$ 3,280,304
2016	12,370,759	-0-	3,092,690	9,278,069	-0-	9,278,069
2015	10,188,374	-0-	3,396,125	6,792,249	-0-	6,792,249
2014	-0-	2,241,141	(1,120,569)	-0-	1,120,572	(1,120,572)
	\$ 26,659,513	\$ 2,241,141	\$ 6,188,322	\$ 19,350,622	\$ 1,120,572	\$ 18,230,050

#### *Changes in Assumptions or Other Inputs*

The changes of assumptions were recognized in pension expense using the straight-line amortization method over a 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 resulted in deferred outflows and pension expense as of June 30, 2017 as follows:

## TOWN OF OLLA, LOUISIANA

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

<b>Plan A</b>					
			December 31, 2017		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ 10,492,664	\$ -0-	\$ 3,497,557	\$ 6,995,107	\$ -0-
2016	-0-	-0-	-0-	-0-	-0-
	\$ 10,492,664	\$ -0-	\$ 3,497,557	\$ 6,995,107	\$ -0-

<b>Plan B</b>					
			December 31, 2017		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ 2,325,900	\$ -0-	\$ 581,475	\$ 1,744,425	\$ -0-
2016	4,130,535	-0-	-0-	-0-	-0-
2015	-0-	-0-	2,065,267	2,065,268	-0-
	\$ 6,456,435	\$ -0-	\$ 2,646,742	\$ 3,809,693	\$ -0-

#### *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 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.

#### **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 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 FUND AUDIT REPORT**

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov), or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

## TOWN OF OLLA, LOUISIANA

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

#### NOTE 12 – SUBSEQUENT EVENTS

The System evaluated all subsequent events through January 29, 2018, the date the employer schedules were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these employer schedules.

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

The Municipal Police Employees' Retirement System (System0 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 period for deferred inflows and deferred outflows.

#### **A. Basis of Accounting**

The System's employer 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 allowed 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 presented on a net basis.

## TOWN OF OLLA, LOUISIANA

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

#### **D. Plan Fiduciary Net Position**

Plan fiduciary net pension 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 benefits 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 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

## TOWN OF OLLA, LOUISIANA

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

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.

#### **B. Membership Commencing January 1, 2013**

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% and 2.50%, 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.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (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 the 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 a 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.

#### **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, 2017, total contributions due from employers and employees were as follows:

**TOWN OF OLLA, LOUISIANA**

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

	Contribution Rates		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	31.75%	41.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	31.75%	41.75%
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%	34.25%	41.75%

**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 duty. Non-employer contributions were recognized as revenue during the year ended June 30, 2017 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 Employee’s 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, 2017, as compared to the total of all employer’s contributions to the System for during the year ended June 30, 2017.

**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.

**TOWN OF OLLA, LOUISIANA**

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

**NOTE 6 – DISAGGREGATED PENSION AMOUNTS**

	<b>Amounts from the 2017 Employer Pension Report</b>		<b>2018 Employer Specific Amounts</b>		<b>2018 Total Pension Amounts</b>
Net Pension Liability	\$ 123,003	\$	-	\$	123,003
<i>Deferred Outflows of Resources Related to Pensions:</i>					
Deferred Outflows - Differences b/w Expected & Actual Experience	\$ 805	\$	-	\$	805
Deferred Outflows - Difference b/w Projected & Actual Investment Earnings	5,385		-		5,385
Deferred Outflows - Changes of Assumptions	8,752		-		8,752
Deferred Outflows - Changes in Proportion & Diff. b/w Actual & Proportionate Contr.'s	26,524		(2,427)		24,097
Deferred Outflows - Contributions Subsequent to Measurement Date	-		10,842		10,842
<i>Deferred Inflows of Resources Related to Pensions:</i>					
Deferred Inflows - Differences b/w Expected & Actual Experience	\$ 945	\$	-	\$	945
Deferred Inflows - Difference b/w Projected & Actual Investment Earnings	-		-		-
Deferred Inflows - Changes of Assumptions	-		-		-
Deferred Inflows - Changes in Proportion & Diff. b/w Actual & Proportionate Contr.'s	45,656		-		45,656
Pension Expense	\$ 3,488	\$	2,427	\$	5,915
Revenue	\$ 2,690		-	\$	2,690

**TOWN OF OLLA, LOUISIANA**

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

**NOTE 7 – 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, 2017 are as follows:

Total Pension Liability	\$	2,918,064,612
Plan Fiduciary Net Position		2,045,022,309
Total Collective Net Pension Liability	\$	873,042,303

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where the benefit structures were changed after the study period, assumptions were based on estimates of future experiences.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.325%, net of investment expense	
Expected Remaining Service Lives	2017 – 4 years	
	2016 – 4 years	
	2015 – 4 years	
	2014 – 4 years	
Inflation Rate	2.70%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increased not yet authorized by the Board of Trustees.	

**TOWN OF OLLA, LOUISIANA**

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

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System’s target allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	June 30, 2017	
	<u>Target</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternative	20.00%	1.10%
Other	6.00%	0.16%
Totals	100.00%	5.44%
Inflation		2.75%
Expected Nominal Return		8.19%

The discount rate used to measure the total pension liability was 7.325%. The projection of cashflows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates 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 8 - SENSITIVITY TO CHANGES IN DISCOUNT RATE**

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, 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, 6.325% or one percentage point higher, 8.325%, than the current rate as of June 30, 2017:

	Changes in Discount Rate		
	1% Decrease 6.325%	Current Discount Rate 7.325%	1% Increase 8.325%
Net Pension Liability	\$ 1,206,192,123	\$ 873,042,303	\$ 593,553,606

## TOWN OF OLLA, LOUISIANA

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

#### NOTE 9 – CHANGES IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2017, 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 services lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience resulted in deferred inflows of resources as of June 30, 2017, as follows:

			Pension Expense (Benefit)	June 30, 2017	
	Deferred Outflows	Deferred Inflows		Deferred Outflows	Deferred Inflows
2017	\$ 7,622,189	\$ -0-	\$ 1,905,547	\$ 5,716,642	\$ -0-
2016	-0-	6,535,885	(2,178,627)	-0-	4,357,258
2015	-0-	4,706,220	(2,353,110)	-0-	2,353,110
2014	\$ -0-	\$ 3,667,681	\$ (3,667,681)	-0-	-0-
			Totals	\$ 5,716,642	\$ 6,710,368

*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 deferred inflow of resources as of June 30, 2017, as follows:

			Pension Expense (Benefit)	June 30, 2017		
	Deferred Outflows	Deferred Inflows		Deferred Outflows	Deferred Inflows	Net Deferred Outflows
2017	\$ -0-	\$ 102,423,689	\$ (20,484,738)	\$ -0-	\$ 81,938,951	\$ (81,938,951)
2016	146,532,468	-0-	36,633,117	109,899,351	-0-	109,899,351
2015	68,477,444	-0-	22,825,815	45,651,629	-0-	45,651,629
2014	\$ -0-	\$ 70,787,061	\$ (35,393,530)	-0-	35,393,531	(35,393,531)
			Totals	\$ 155,550,980	\$ 117,332,482	\$ 38,218,498

*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, 2017, as follows:

			Pension Expense (Benefit)	June 30, 2017	
	Deferred Outflows	Deferred Inflows		Deferred Outflows	Deferred Inflows
2017	\$ 52,448,263	\$ -0-	\$ 13,112,066	\$ 39,336,197	\$ -0-
2016	-0-	-0-	-0-	-0-	-0-
2015	45,571,162	-0-	22,785,582	22,785,580	-0-
2014	\$ -0-	\$ 56,431	\$ (56,431)	-0-	-0-
			Totals	\$ 62,121,777	\$ -0-

## TOWN OF OLLA, LOUISIANA

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

#### *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 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 amount 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, 2017.

#### **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 provide with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

#### **NOTE 11 – RETIREMENT SYSTEM AUDIT REPORT**

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

#### **NOTE 12 – 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 assumption regarding certain types of assets, liabilities, revenues and expenses. According, actual results may differ from estimated amounts.

#### **8. INTERFUND TRANSFERS**

Interfund transfers were made during the year for operational purposes.

#### **9. 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 THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**10. ENCUMBRANCES**

The Town does not utilize encumbrance accounting.

**11. 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.

**12. ELECTED OFFICIALS SALARIES**

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annual Salary</u>
Rhonda Elliott P.O. Box 1007 Olla, LA 71465 (318) 312-0161	Mayor	2015-2018	\$ 15,750
L.J. Rachal, Jr 1753 Short St Olla, LA 71465 (318) 308-2657	Council Member	2015-2018	\$ 1,200
Joel Sims 1469 Plum St Olla, LA 71465 (318) 419-5959	Council Member	2018-2022	\$ 600
Madge Bailey P.O. Box 1359 Olla, LA 71465 (318) 557-2695	Council Member	2015-2018	\$ 600
Anthony Fenoli 8043 Acela Ln Olla, LA 71465 (318) 413-0496	Council Member	2018-2022	\$ 600
Mark Richardson 1905 Blake Street Olla, LA 71465 (318) 331-6421	Council Member	2015-2018	\$ 600
John Stott 1607 Taylor Street Olla, LA 71465 (318) 730-8811	Police Chief	2015-2018	\$ 36,363

**TOWN OF OLLA, LOUISIANA**

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

**13. INSURANCE EXPIRATION DATES**

<u>Type</u>	<u>Company</u>	<u>Amount</u>	<u>Date Of Expiration</u>
General Liability	Charter Oak Insurance Company	\$1,000,000	07/1/2018
Automobile Liability	Travelers Indemnity Company	\$1,000,000	07/1/2018
Bond	Travelers Casualty & Surety Company	\$ 100,000	11/9/2018
Identity Fraud	Traveler's Casualty & Surety Company	\$ 25,000	11/9/2018
Workers Compensation	Louisiana Workers Compensation Corp.	\$ 500,000	01/1/2019

**14. RATES**

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

Renter	\$ 150
Owner	\$ 75

***Rate Schedule:***

Water	ICL - \$12.50 for the 1 <sup>st</sup> 2,000 gal., \$4.00 per 1,000 thereafter OCL - \$15.50 for the 1 <sup>st</sup> 2,000 gal., \$5.00 per 1,000 thereafter
Pleasant Ridge	\$3.50 per 1,000 gal., no minimum
Bulk Water Rates	\$9.00 per 1,000 gal.
Sewer	Residential \$9.00 for 1 <sup>st</sup> 3,000 gal., \$1.00 per 1,000 thereafter Commercial \$16.50 for 1 <sup>st</sup> 10,000 gal., \$1.00 per 1,000 thereafter
Fire	Residential - \$5.25 In City Limits \$7.00 Out City Limits Commercial - \$12.00 In City Limits \$17.00 Out City Limits
Garbage	Residential \$19.50 per household or unit Commercial \$46.50 & up based on the amount of garbage & amount of time for collection

**15. COMMITTED FUND BALANCE**

General Fund Assets of \$64,635 are committed to the Fire Department by ordinance.

**16. PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment was made to correct bonds and notes payable in governmental activities and accrued interest in business activities.

**REQUIRED SUPPLEMENTAL INFORMATION**

## TOWN OF OLLA, LOUISIANA

**Statement of Revenues, Expenditures, & Changes in Fund Balance  
Budget & Actual  
General Fund  
For the Year Ended June 30, 2018**

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
<b>REVENUES</b>				
Fees & Charges	\$ 353,790	\$ 346,543	\$ 357,470	\$ 10,927
Taxes	51,924	54,042	52,988	(1,054)
Fines	301,000	285,000	250,699	(34,301)
Grants	90,725	78,147	64,956	(13,191)
Donations	10,341	8,408	9,183	775
Interest	225	270	357	87
Reimbursements	5,300	9,500	12,139	2,639
Rental	208,200	206,645	207,946	1,301
Miscellaneous	-0-	-0-	2,605	2,605
<b>TOTAL REVENUES</b>	1,021,505	988,555	958,343	(30,212)
<b>EXPENDITURES</b>				
General & Administrative	136,450	199,311	143,362	55,949
Police Expense	302,840	293,900	275,791	18,109
Fire	71,345	68,500	62,729	5,771
Street & Sanitation	132,332	125,278	159,676	(34,398)
Dixie Center	11,405	15,505	10,354	5,151
Commercial Building	139,401	143,221	57,153	86,068
Recreation Complex	83,880	37,455	11,229	26,226
Debt Service	19,200	19,200	129,440	(110,240)
Capital Outlay	74,346	118,156	77,161	40,995
<b>TOTAL EXPENDITURES</b>	971,199	1,020,526	926,895	93,631
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	50,306	(31,971)	31,448	63,419
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In/(Out)	-0-	-0-	-0-	-0-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-0-	-0-	-0-	-0-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 50,306	\$ (31,971)	31,448	\$ 63,419
<b>FUND BALANCE - BEGINNING</b>			410,687	
<b>FUND BALANCE - ENDING</b>			\$ 442,135	

The accompanying notes are an integral part of this statement.

## TOWN OF OLLA, LOUISIANA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.21%	0.26%	0.05%	0.02%
Town's proportionate share of the net pension liability (asset)	\$180,596	\$215,442	\$170,383	\$119,223
Town's covered-employee payroll	\$154,927	\$210,100	\$226,763	\$206,563
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	116.57%	102.54%	75.14%	59.71%
Plan fiduciary net position as a percentage of the total pension liability	63.99%	63.34%	68.71%	76.94%

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

## TOWN OF OLLA, LOUISIANA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.01%	0.02%	0.01%	0.02%
Town's proportionate share of the net pension liability (asset)	\$123,003	\$206,605	\$116,359	\$93,873
Town's covered-employee payroll	\$42,060	\$45,268	\$69,064	\$43,517
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	292.45%	456.40%	168.48%	216.72%
Plan fiduciary net position as a percentage of the total pension liability	70.08%	66.04%	70.73%	75.10%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$17,042	\$18,141	\$16,525	\$16,918
Contributions in relation to the contractually required contribution	\$(17,042)	\$(16,808)	\$(18,141)	\$(16,525)
Contribution deficiency (excess)	-0-	\$1,333	\$(1,616)	\$393
Town's covered-employee payroll	\$154,927	\$210,100	\$226,763	\$206,563
Contributions as a percentage of covered-employee payroll	11.0%	8.0%	9.0%	8.0%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$13,354	\$18,215	\$12,569	\$15,627
Contributions in relation to the contractually required contribution	\$(13,354)	\$(13,354)	\$(18,302)	\$(11,532)
Contribution deficiency (excess)	-0-	\$4,861	\$(5,733)	\$4,095
Town's covered-employee payroll	\$42,060	\$45,268	\$69,064	\$43,517
Contributions as a percentage of covered-employee payroll	31.75%	29.50%	26.50%	26.50%

\*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, 2018**

Honorable Rhonda Elliot, Mayor

Purpose	Amount
Salary	\$ 15,750
Benefits-Insurance	-0-
Benefits-Retirement	2,271
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.

**OTHER REPORTS**

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the discretely presented component unit, as of and for the year ended June 30, 2018, 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 September 17, 2018.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of 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  
September 17, 2018

**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2018**

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2018, and have issued our report thereon September 17, 2018. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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Our audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses     Yes     No    Significant Deficiencies     Yes     No

Compliance

Compliance Material to Financial Statements     Yes     No

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

Internal Control

Material Weaknesses     Yes     No    Other Conditions     Yes     No

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)**

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Dollar threshold used to distinguish between Type A and Type B Programs:    \$750,000

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, 2018**

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**Section II Financial Statement Findings**

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No findings to report.

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

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Not Applicable.

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

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No findings to report.

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

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

**CURRENT YEAR MANAGEMENT LETTER COMMENTS**

There are no current year management letter comments.

**TOWN OF OLLA, LOUISIANA**

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

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

The management of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2017.

**PRIOR YEAR FINDINGS**

No findings to report.

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### **AGREED-UPON PROCEDURES REPORT**

**Town of Olla, Louisiana**

**Independent Accountant's Report**

**On Applying Agreed-Upon Procedures**

**For the Period of July 1, 2017- June 30, 2018**

Town of Olla

Olla, Louisiana

To the Town of Olla and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Olla and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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 that 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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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.

**Observation: We obtained a copy of the written policies and procedures manual and read it for the above items. The document addressed all of the above items.**

### *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 that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

### ***Collections***

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

**Observation: We obtained the listing and management's representation that the listing is complete.**

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 that are 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 verifies the reconciliation.

**Observation:**

**A) Employees that are responsible for cash collections do share cash drawers/registers.**

**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.**

**B) Each employee responsible for collecting cash is responsible for preparing/making bank deposits.**

**Exception: The collection clerk shares the register with other employees when at lunch or days off.**

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

**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 with no exceptions.**

**D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation with no exceptions.**

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Observation: Inquiry found that clerks are bonded.**

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

**Observation:**

- A) Observed that receipts are sequentially pre-numbered with no exceptions.**
- B) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip with no exceptions**
- C) Traced the deposit slip total to the actual deposit per the bank statement with no exceptions**
- D) Some of the deposits observed were not made daily.**

**Exception: Deposits not made daily.**

**Management's Response: Because of the entity's accounting program accounts for all cash and deposits together for both funds (general and enterprise), daily deposits can create accounting and reconciliation problems if cash collections are small on any given day.**

- E) Traced the actual deposit per the bank statement to the general ledger with no exceptions.**

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Observation: We obtained a listing of locations (one location, town hall) that process payments for the fiscal period and management's representation that the listing is complete. We selected the one location.**

- 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.

**Observation:**

- 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) **The employee/official responsible for signing checks 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 that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Observation: We randomly selected 5 disbursements and:**

- A) **Observed that the disbursement matched the related original invoice/billing statement.**
- B) **Observed that the disbursement documentation included evidence of segregation of duties tested under #9.**

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

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 that 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) was reviewed and approved, in writing, 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.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

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

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

#### *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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

#### *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 that 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 that 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 that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

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

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

**Observation: We selected 5 nonelected employees during the fiscal period and management’s representation that the listing is complete. We agreed 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/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.

**Observation:**

- A) Observed that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory) with no exceptions.**
- B) Observed that the mayor approved the attendance and leave of the selected employees with no exceptions.**
- C) Observed that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records (payroll program) with no exceptions.**

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

**Observation:** We obtained a listing of those employees/officials that received termination payments during the fiscal period and management’s representation that the list is complete. One employee was terminated during the fiscal year and no termination payments were made.

19. Obtain management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Observation:** We obtained management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

**Observation:** These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

### *Debt Service*

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21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

**Observation:** These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

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.

**Observation:** These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

### *Other*

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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.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.**

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*

Jena, Louisiana

September 17, 2018