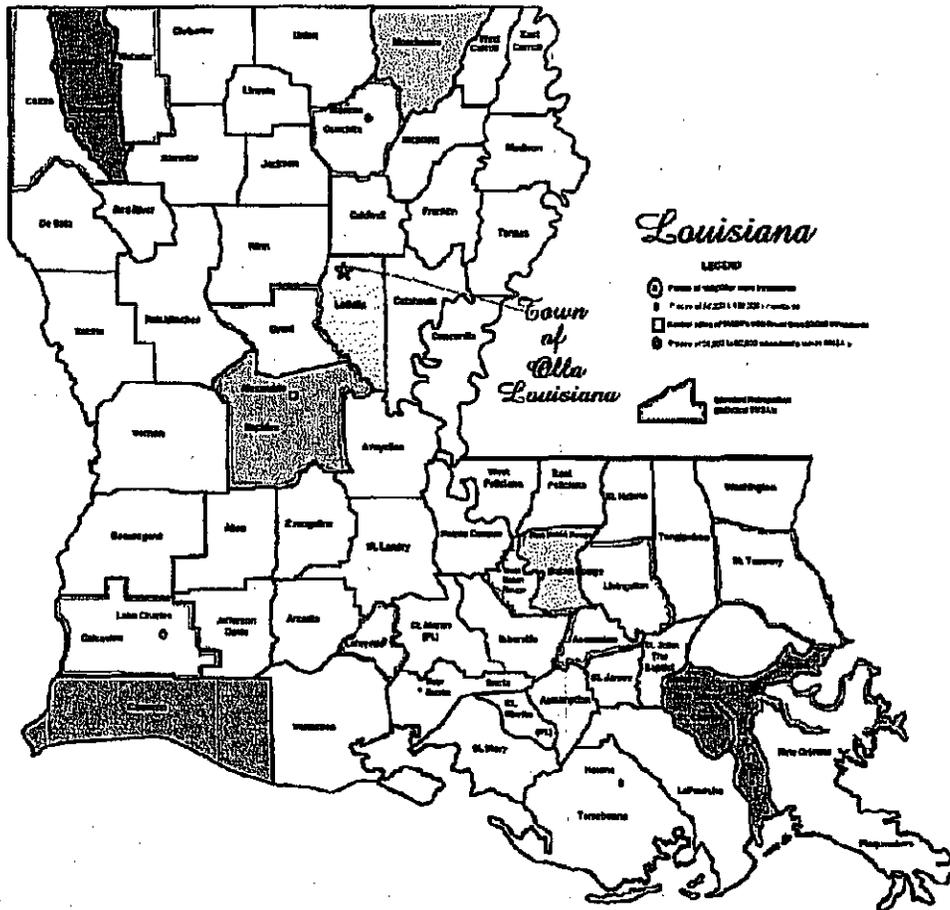


TOWN OF OLLA, LOUISIANA
Annual Financial Statements
JUNE 30, 2011

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

Release Date **MAR 07 2012**

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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INDEPENDENT AUDITOR'S REPORT

The Honorable Jason Chisolm, Mayor
& Members of the Town Council
Olla, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of Olla, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Olla, Louisiana's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of the Town of Olla's internal control over financial reporting and on our test 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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.

John R. Vercher PC

December 28, 2011

Jena, Louisiana

TOWN OF OLLA

PO Box 223

Olla, Louisiana 71465

Tel: (318) 495-5151

Fax: (318) 495-5152

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Olla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

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

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,351,812 (*net assets*). This is a \$216,849 increase from last year.
- The Town had total revenue of \$906,351, in which \$152,872 came from Grants and \$369,209 came from Fees & Charges. This is a \$128,572 decrease from last year's revenues, mainly due to a decrease in Loan Proceeds in the amount of \$230,000.
- The Town had total expenditures of \$915,330, which is a \$252,354 decrease from last year. The main cause for this decrease is due to a decrease in Debt Service in the amount of \$142,276.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,962,316 (*net assets*). This is a \$27,694 decrease from last year.
- The Town had total revenue of \$672,695, including operating revenues of \$570,156 and non-operating revenues of \$102,539. This is a \$40,881 increase from last year, mainly due to an increase in Capital Grants in the amount of \$18,646.
- The Town had total expenses of \$633,297, in which \$599,907 was operating expenses and \$33,390 was non-operating expenses. This is a \$20,314 increase from last year mainly due to an increase in Depreciation in the amount of \$12,208.

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 Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2011:

	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 65,225	\$ 144,760	121.9%
Receivables	41,039	29,228	-28.8%
Capital Assets, Net of Accumulated Depreciation	1,397,669	1,512,203	8.2%
Total Assets	<u>1,503,933</u>	<u>1,686,191</u>	12.1%
Liabilities & Net Assets			
Accounts, Salaries, & Other Payables	11,131	20,742	86.3%
Bonds & Notes Payable	357,839	313,637	-12.4%
Total Liabilities	<u>368,970</u>	<u>334,379</u>	-9.4%
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,039,830	1,198,566	15.3%
Unrestricted	95,133	153,246	61.1%
Total Net Assets	<u>\$ 1,134,963</u>	<u>\$ 1,351,812</u>	19.1%

Comparative Changes in Fund Balances

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2011:

	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Total Revenues	\$ 1,034,923	\$ 906,351	-12.4%
Total Expenditures	(1,167,684)	(915,330)	-21.6%
Total Transfers In (Out)	27,379	67,092	145.0%
Increase (Decrease) in Fund Balances	<u>(105,382)</u>	<u>58,113</u>	155.1%
Beginning Fund Balances	<u>200,515</u>	<u>95,133</u>	-52.6%
Ending Fund Balances	<u>\$ 95,133</u>	<u>\$ 153,246</u>	61.1%

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2011:

	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 87,550	\$ 57,131	-34.7%
Receivables	39,833	50,776	27.5%
Restricted Assets	251,476	171,034	-32.0%
Capital Assets, Net of Accumulated Depreciation	2,218,999	2,207,101	-0.5%
Total Assets	<u>2,597,858</u>	<u>2,486,042</u>	-4.3%
Liabilities and Net Assets			
Accounts, Salaries, & Other Payables	9,736	7,088	-27.2%
Other Liabilities	91,234	88,638	-2.8%
Bonds Payable	506,878	428,000	-15.6%
Total Liabilities	<u>607,848</u>	<u>523,726</u>	-13.8%
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,712,121	1,779,101	3.9%
Restricted For Debt Service	136,158	72,586	-46.7%
Unrestricted	141,731	110,629	-21.9%
Total Net Assets	<u>\$ 1,990,010</u>	<u>\$ 1,962,316</u>	-1.4%

Comparative Changes in Net Assets

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2011:

	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Operating Revenues	\$ 546,864	\$ 570,156	4.3%
Non-Operating Revenues	84,950	102,539	20.7%
Total Revenues	<u>631,814</u>	<u>672,695</u>	6.5%
Operating Expenses	585,187	599,907	2.5%
Non-Operating Expenses	27,796	33,390	20.1%
Total Expenses	<u>612,983</u>	<u>633,297</u>	3.3%
Transfers In (Out)	<u>(27,379)</u>	<u>(67,092)</u>	-145.0%
Increase (Decrease) in Net Assets	<u>(8,548)</u>	<u>(27,694)</u>	-224.0%
Beginning Net Assets	<u>1,998,558</u>	<u>1,990,010</u>	-0.4%
Ending Net Assets	<u>\$ 1,990,010</u>	<u>\$ 1,962,316</u>	-1.4%

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2011, the Town had \$1,512,203 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$114,534 increase from last year.

Capital Assets at Year-End

	<u>2010</u>	<u>2011</u>
General *	\$ 2,221,566	\$ 2,260,080
Police	139,919	140,643
Fire	278,634	425,237
Street & Sanitation	37,637	51,733
Accumulated Depreciation	(1,280,087)	(1,365,490)
Total Capital Assets, Net	\$ 1,397,669	\$ 1,512,203

* Land in the amount of \$198,188 and Construction in Progress in the amount of \$21,763 are not being depreciated.

Capital Assets – Enterprise Fund

At June 30, 2011, the Town had \$2,207,101 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is an \$11,898 decrease from last year.

Capital Assets at Year-End

	<u>2010</u>	<u>2011</u>
Water & Sewer Systems	\$ 4,735,512	\$ 4,873,162
Accumulated Depreciation	(2,516,513)	(2,666,061)
Total Capital Assets, Net	\$ 2,218,999	\$ 2,207,101

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 Jason Chisolm at the Town Hall, phone number (318) 495-5151.

BASIC FINANCIAL STATEMENTS

TOWN OF OLLA, LOUISIANA
Statement of Net Assets
June 30, 2011

	<u>PRIMARY GOVERNMENT</u>			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash & Cash Equivalents	\$ 144,760	\$ 38,854	\$ 183,614	\$ 12,024
Investments	-0-	18,277	18,277	192,615
Receivables, Net of Allowances	29,228	50,776	80,004	-0-
Restricted Assets	-0-	171,034	171,034	-0-
Capital Assets, Net of Accumulated Depreciation	1,512,203	2,207,101	3,719,304	-0-
TOTAL ASSETS	<u>1,686,191</u>	<u>2,486,042</u>	<u>4,172,233</u>	<u>204,639</u>
LIABILITIES				
Accounts, Salaries, & Other Payables	20,742	7,088	27,830	-0-
Customer Deposits	-0-	72,088	72,088	-0-
Accrued Interest Payable	-0-	16,550	16,550	-0-
Current Bonds & Notes Payable	45,358	19,000	64,358	-0-
Non-Current Bonds & Notes Payable	268,279	409,000	677,279	-0-
TOTAL LIABILITIES	<u>334,379</u>	<u>523,726</u>	<u>858,105</u>	<u>-0-</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,198,566	1,779,101	2,977,667	-0-
Restricted	-0-	72,586	72,586	-0-
Unrestricted	153,246	110,629	263,875	204,639
TOTAL NET ASSETS	<u>\$ 1,351,812</u>	<u>\$ 1,962,316</u>	<u>\$ 3,314,128</u>	<u>\$ 204,639</u>

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2011

	GENERAL FUND
ASSETS	
Cash & Cash Equivalents	\$ 144,760
Receivables (Net of Allowances for Uncollectible)	29,228
TOTAL ASSETS	173,988
 LIABILITIES & FUND BALANCE	
LIABILITIES	
Accounts, Salaries, & Other Payables	20,742
TOTAL LIABILITIES	20,742
 FUND BALANCE	
Reserved for Debt Service	-0-
Unreserved, Unassigned	153,246
TOTAL LIABILITIES & FUND BALANCE	\$ 173,988

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2011

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

Fund Balance, Total Governmental Funds (Statement C)		\$ 153,246
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets	2,877,693
	Accum. Depr.	<u>(1,365,490)</u>
		1,512,203
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 & Notes Payable		<u>(313,637)</u>
Net Assets of Governmental Activities (Statement A)		\$ <u>1,351,812</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, 2011

	GENERAL FUND
REVENUES	
Fees & Charges	\$ 369,209
Taxes	47,455
Fines	302,052
Grants	152,872
Donations	17,707
Interest	191
Reimbursements	16,085
Miscellaneous	780
TOTAL REVENUES	906,351
EXPENDITURES	
General & Administrative	157,704
Police Expense	284,929
Fire	61,703
Street & Sanitation	136,143
Dixie Center	13,739
Debt Service	61,175
Capital Outlay	199,937
TOTAL EXPENDITURES	915,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,979)
OTHER FINANCING SOURCES (USES):	
Transfers In/(Out)	67,092
TOTAL OTHER FINANCING SOURCES (USES)	67,092
NET CHANGE IN FUND BALANCE	58,113
FUND BALANCES—BEGINNING	95,133
FUND BALANCES—ENDING	\$ 153,246

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, 2011

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

Net Change in Fund Balances, Total governmental Funds, Statement E \$ 58,113

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	199,937	
Depreciation Exp	<u>(85,403)</u>	
		114,534

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

Loan Proceeds	-0-	
Principal Paid	<u>44,202</u>	
		<u>44,202</u>

Changes in Net Assets of Governmental Activities, Statement B \$ 216,849

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Net Assets, Proprietary Funds
June 30, 2011

		BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) WATER & SEWER FUND
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$	38,854
Investments		18,277
Receivables (Net of Allowances for Uncollectible)		50,776
TOTAL CURRENT ASSETS		107,907
NON-CURRENT ASSETS		
Restricted Assets		171,034
Capital Assets (Net of Accumulated Depreciation)		2,207,101
TOTAL NON-CURRENT ASSETS		2,378,135
TOTAL ASSETS		2,486,042
LIABILITIES		
CURRENT LIABILITIES		
Accounts, Salaries, & Other Payables		7,088
TOTAL CURRENT LIABILITIES		7,088
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Customer Deposits		72,088
Accrued Interest Payable		16,550
Revenue Bonds Payable		19,000
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		107,638
NON CURRENT LIABILITIES		
Revenue Bonds		409,000
TOTAL NON CURRENT LIABILITIES		409,000
TOTAL LIABILITIES		523,726
NET ASSETS		
Invested in Capital Assets Net of Related Debt		1,779,101
Restricted for Debt Service		72,586
Unrestricted		110,629
TOTAL NET ASSETS	\$	1,962,316

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
June 30, 2011

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) TOTAL ENTERPRISE FUNDS
OPERATING REVENUES	
Water Sales	\$ 319,292
Sewer Charges	82,367
Sales Tax	161,686
Other	6,811
TOTAL OPERATING REVENUES	570,156
OPERATING EXPENSES	
Operating/Administrative Water	238,108
Operating/Administrative Sewer	212,251
Depreciation	149,548
TOTAL OPERATING EXPENSES	599,907
OPERATING INCOME (LOSS)	(29,751)
NONOPERATING REVENUE (EXPENSES)	
Capital Grant	100,180
Interest Earnings	2,359
Interest Expense	(33,390)
TOTAL NONOPERATING REVENUE (EXPENSES)	69,149
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	39,398
Transfers In/(Out)	(67,092)
CHANGE IN NET ASSETS	(27,694)
TOTAL NET ASSETS - BEGINNING	1,990,010
TOTAL NET ASSETS - ENDING	\$ 1,962,316

The accompanying notes are an integral part of this statement.

TOWN OF OLLA, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2011

	<u>ENTERPRISE FUND</u>
	<u>WATER & SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers, Users, & Taxes	\$ 557,861
Receipts From Other Revenue	6,811
Payments to Suppliers & Employees	(461,062)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>103,610</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers From (To) Other Funds	(67,092)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(67,092)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Receipts From Capital Grants	100,180
Interest Paid on Capital Debt	(33,390)
Proceeds From Revenue Bonds	346,000
Principal Paid on Revenue Bonds	(424,878)
Acquisition & Construction of Capital Assets	(137,650)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(149,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in Restricted Assets	80,442
Interest & Dividends Received	2,359
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>82,801</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(30,419)
CASH - BEGINNING OF YEAR	69,273
CASH - END OF YEAR	<u>38,854</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
OPERATING INCOME/(LOSS)	(29,751)
Depreciation Expense	149,548
(Increase) Decrease in Accounts Receivable	(10,943)
Increase (Decrease) in Accounts Payables	(2,648)
Increase (Decrease) in Customer Deposits	5,459
Increase (Decrease) in Accrued Interest	(8,055)
TOTAL ADJUSTMENTS	<u>133,361</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 103,610</u>

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

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

Reporting Entity

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

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

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

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

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

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & 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

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

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

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

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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.

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. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended June 30, 2011, no interest costs were capitalized for construction of fixed assets.

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

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

D. BUDGETS & BUDGETARY ACCOUNTING

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

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

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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.

	Southern Heritage	Bank of Jena	Concordia Bank	Total
Bank Balances	\$ 548,865	\$ 36,284	\$ 18,129	\$ 603,278
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	469,235	36,284	18,129	523,648
Securities (<i>Category 2</i>)	337,060	-0-	-0-	337,060
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 806,295	\$ 36,284	\$ 18,129	\$ 860,708

Deposits were fully secured as of June 30, 2011.

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

	Value At 6-30-2011
CD's	\$ 189,500
33 Shares of First Energy at \$44.15	1,457
60 Shares of Pacific Gas at \$27.64	1,658
Total	\$ 192,615

F. INVENTORIES

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

TOWN OF OLLA, LOUISIANA

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

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

At June 30, 2011 the receivables were as follows:

	Enterprise Fund		Governmental Fund
	Water & Sewer Fund		General Fund
Tax & License	\$ 11,780	\$	11,666
Customer	41,048		18,486
Allowance for Bad Debts	(2,052)		(924)
Total	\$ 50,776	\$	29,228

H. COMPENSATED ABSENCES

The Town has no compensated absence policy.

I. RESTRICTED NET ASSETS

The Town records restricted assets to indicate that a portion of its net assets 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.

TOWN OF OLLA, LOUISIANA

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

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, 2011, taxes of 8.32 mills were levied against property having a valuation of some \$4,567,840, which produced some \$38,004 in revenue.

Ad Valorem Taxes are broken down as follows:

	Mills
General Alimony	<u>8.32</u>
Total	<u>8.32</u>

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2011, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>	<u>Sales Tax</u>
Bond Sinking	\$ 35,960	\$ -0-	\$ 15,915
Meter Deposit	62,898	-0-	-0-
Depreciation & Contingencies	27,542	28,719	-0-
Total	<u>\$ 126,400</u>	<u>\$ 28,719</u>	<u>\$ 15,915</u>

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

4. FIXED ASSETS

Governmental Fund:

A summary of governmental fund assets at June 30, 2011, is as follows:

	Balance 6-30-2010	Additions	Deletions	Balance 6-30-2011
General/Administrative *	\$ 2,221,566	\$ 38,514	\$ -0-	\$ 2,260,080
Police	139,919	724	-0-	140,643
Fire	278,634	146,603	-0-	425,237
Street & Sanitation	37,637	14,096	-0-	51,733
Total Capital Assets	<u>2,677,756</u>	<u>199,937</u>	<u>-0-</u>	<u>2,877,693</u>
Accumulated Depreciation	(1,280,087)	(85,403)	-0-	(1,365,490)
Total Capital Assets, Net	<u>\$ 1,397,669</u>	<u>\$ 114,534</u>	<u>\$ -0-</u>	<u>\$ 1,512,203</u>

* Land in the amount of \$198,188 and Construction in Progress in the amount of \$21,763 are not being depreciated.

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

Equipment	5-10 Years
Buildings	40 Years

Property Enterprise Fund:

A summary of enterprise fund property, plant and equipment at June 30, 2011, is as follows:

	Balance 6-30-2010	Additions	Deletions	Balance 6-30-2011
Water & Sewer Systems	\$ 4,735,512	\$ 137,650	\$ -0-	\$ 4,873,162
Accumulated Depreciation	(2,516,513)	(149,548)	-0-	(2,666,061)
Total Capital Assets, Net	<u>\$ 2,218,999</u>	<u>\$ (11,898)</u>	<u>\$ -0-</u>	<u>\$ 2,207,101</u>

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

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

TOWN OF OLLA, LOUISIANA

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

5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2011.

	<u>Balance 6-30-2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6-30-2011</u>
Revenue Bonds & Notes (Business-Type Activities)	\$ 506,878	\$ 346,000	\$ (424,878)	\$ 428,000
General Obligation Debt (Governmental Activities)	357,839	-0-	(44,202)	313,637
Total	<u>\$ 864,717</u>	<u>\$ 346,000</u>	<u>\$ (469,080)</u>	<u>\$ 741,637</u>

Bonds and installment notes payable at June 30, 2011, are comprised of the following individual issues:

Revenue Bonds (Enterprise Fund)

\$275,000 Water Revenue Bonds dated 12-4-79; due in annual installments of \$5,000 to \$5,000 through December 4, 2019; interest at 5%. \$ 82,000

\$200,000 Sewer Revenue Bonds dated 8-14-81; due in annual installments of \$2,000 to \$9,000 through August 14, 2021; interest at 5%. -0-

\$500,000 Sewer Revenue Bonds dated 9-6-89; due in annual installments of \$33,450 through August 14, 2029; interest at 6%. -0-

\$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%. 346,000

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. 183,000

The Town borrowed \$30,000 from Southern Heritage Bank on December 31, 2009 to purchase property for the fire department. Due in 3 annual installments of \$10,000 plus interest through January 28, 2013; interest 4.5%. 20,578

The Town borrowed \$209,000 from Southern Heritage Bank on July 8, 2005 to pay for the repairing of the roof on the Olla commercial building. Due in ten annual installments of 26,089 through March 1, 2015; interest at 4.5%. 110,059

Total \$ 741,637

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2011, including interest payments, are as follows:

Year Ending June 30,	Water Revenue Bonds	Sales Tax Revenue Bonds	\$200,000 General Revenue Bonds	\$209,000 SHB Notes Payable	\$30,000 SHB Notes Payable	Total
2012	\$ 15,000	\$ 22,681	\$ 24,155	\$ 26,089	\$ 10,967	\$ 98,892
2013	15,000	32,760	24,660	26,089	10,967	109,476
2014	15,000	32,928	25,120	26,089	-0-	99,137
2015	15,000	32,073	24,535	26,089	-0-	97,697
2016	15,000	31,218	24,950	26,607	-0-	97,775
2017-2021	60,000	157,025	100,350	-0-	-0-	317,375
2022-2026	-0-	107,143	-0-	-0-	-0-	107,143
2027-2031	-0-	75,368	-0-	-0-	-0-	75,368
Total	\$ 135,000	\$ 491,196	\$ 223,770	\$ 130,963	\$ 21,934	\$ 1,002,863

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 therefrom 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 therefrom 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 therefrom.

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2011, the Enterprise Fund Net Assets were restricted for the purposes noted above as follows:

Revenue Bond Reserve Fund	\$	16,325
Depreciation And Contingencies Fund		<u>56,261</u>
Total	\$	<u>72,586</u>

6. 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)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

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

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

Funding Policy. [Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 4.5 percent of annual covered payroll]. [Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under Plan B for the years ending June 30, 2010 and 2011 were \$12,717 and \$12,021 respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana

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

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

TOWN OF OLLA, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 25.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under for the years ending June 30, 2010 and 2011 were \$11,589 and \$25,586, equal to the required contributions for each year.

7. USE OF ESTIMATES

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

8. ENCUMBRANCES

The Town does not utilize encumbrance accounting.

9. ELECTED OFFICIALS SALARIES

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annual Salary</u>
Jason Chisolm	Mayor	2011-2014	\$ 8,595
Wanda Love	Mayor	2007-2010	8,595
Jeffrey Lasiter	Council Member	2007-2014	1,200
Sidney Emfinger	Council Member	2007-2014	500
Al Cassels, Jr	Council Member	2011-2014	300
Rhonda Elliott	Council Member	2011-2014	300
Joel Sims	Council Member	2011-2014	150
Donald Cupples	Council Member	2007-2010	300
Renee P Thomas	Council Member	2007-2010	350
Wayne Bates	Council Member	2007-2010	300
Gary Taylor	Police Chief	2007-2014	\$ 36,363

10. CONTINGENCIES

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

TOWN OF OLLA, LOUISIANA

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

11. INSURANCE EXPIRATION DATES

<u>Type</u>	<u>Company</u>	<u>Date Of Expiration</u>
General Liability	St. Paul Fire & Marine Insurance Co.	7/1/2011
Automobile Liability	St. Paul Fire & Marine Insurance Co.	7/1/2011
Bond	St. Paul Fire & Marine Insurance Co.	11/9/2011
Workers Compensation	Louisiana Workers Compensation Corp.	1/1/2012

12. INTERFUND TRANSFERS

Interfund transfers were made during the year for operational purposes.

13. 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 - \$11.00 for the 1 st 2,000 gal., \$4.00 per 1,000 thereafter OCL - \$14.00 for the 1 st 2,000 gal., \$5.00 per 1,000 thereafter
Pleasant Ridge	\$3.25 per 1,000 gal., no minimum
Bulk Water Rates	\$7.50 per 1,000 gal.
Sewer	Residential \$7.50 for 1 st 3,000 gal., \$1.00 per 1,000 thereafter Commercial \$15.00 for 1 st 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

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, 2011

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Fees & Charges	\$ 347,200	\$ 366,715	\$ 369,209	\$ 2,494
Taxes	54,986	50,744	47,455	(3,289)
Fines	275,116	301,562	302,052	490
Grants	178,000	152,484	152,872	388
Donations	18,396	17,135	17,707	572
Interest	268	176	191	15
Reimbursements	20,040	15,484	16,085	601
Miscellaneous	-0-	225	780	555
TOTAL REVENUES	894,006	904,525	906,351	1,826
EXPENDITURES				
General & Administrative	157,640	157,380	157,704	(324)
Police Expense	298,658	301,310	284,929	16,381
Fire	66,523	59,495	61,703	(2,208)
Street & Sanitation	134,274	149,693	136,143	13,550
Dixie Center	9,997	12,992	13,739	(747)
Debt Service	68,089	66,737	61,175	5,562
Capital Outlay	188,825	190,083	199,937	(9,854)
TOTAL EXPENDITURES	924,006	937,690	915,330	22,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(33,165)	(8,979)	24,186
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	30,000	45,000	67,092	22,092
TOTAL OTHER FINANCING SOURCES (USES)	30,000	45,000	67,092	22,092
NET CHANGE IN FUND BALANCE	-0-	11,835	58,113	\$ 46,278
FUND BALANCE - BEGINNING	95,133	95,133	95,133	
FUND BALANCE - ENDING	\$ 95,133	\$ 106,968	\$ 153,246	

The accompanying notes are an integral part of this statement.

OTHER REPORTS

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

The Honorable Jason Chisolm, Mayor
and Members of the Town Council
Olla, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of Olla, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Olla's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Olla's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

TOWN OF OLLA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2011

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 28, 2011. 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. Our audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

Section I Summary of Auditor's Results

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

Internal Control

Material Weaknesses [] Yes [X] No Other Conditions [] Yes [X] No

Compliance

Compliance Material to Financial Statements [] Yes [X] No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses [] Yes [] No Other Conditions [] Yes [] No

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

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

[] Yes [] No

c. Identification Of Major Programs:

Table with 2 columns: CFDA Number (s) and Name Of Federal Program (or Cluster)

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

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? [] Yes [] No

TOWN OF OLLA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2011

Section II Financial Statement Findings

No findings to report.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF OLLA, LOUISIANA

MANAGEMENT LETTER COMMENTS

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

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

TOWN OF OLLA, LOUISIANA

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

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

The management of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2010.

PRIOR YEAR FINDINGS

2010-C-1 Noncompliance Loans (Resolved)

Finding: The Town of Olla incurred short-term debt in the amount of \$150,000 with Southern Heritage Bank without State Bond Commission approval.

Corrective Action: The Town did not make any loans in excess of 90 days without State Bond Commission approval.

2010-C-2 Budget Variances (Resolved)

Finding: The Town had an unfavorable revenue variance of \$305,370 or 22.7% in the general fund during the year.

Corrective Action: The Town amended the budget when there was a variance of more than 5%.