

**TOWN OF POLLOCK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS

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May 16, 2018

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, Jerome Scott
and Members of the Board of Aldermen
Town of Pollock, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government 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 error or fraud.

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; the standards applicable to financial audits contained in *Government Auditing Standards* and 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 basic financial statements of the Town's primary government are free of 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

-Members-

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*The Honorable Mayor and
Members of the Board of Aldermen
May 16, 2018
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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 financial statement presentation of the financial statements.

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

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, each major fund, and the aggregate remaining fund information of the Town of Pollock, as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data,
- Schedule of Employer Contributions

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 SUPPLEMENTAL INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pollock's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

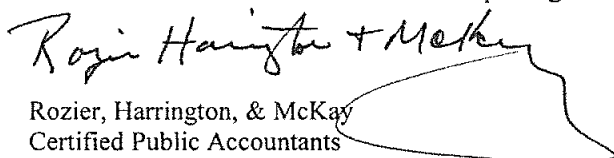
The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Honorable Mayor and
Members of the Board of Aldermen
May 16, 2018
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other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2018 on our consideration of the Town of Pollock'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 the Town of Pollock's internal control over financial reporting and compliance.


Rozier, Harrington, & McKay
Certified Public Accountants

May 16, 2018
Alexandria, Louisiana

Town of Pollock

Management's Discussion and Analysis

December 31, 2017

This section of the Town of Pollock's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2017.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT –WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after January 1, 2004) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, sanitation and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- **Business-Type Activities** – Expenses associated with providing utility services and operating the municipal airport are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Town of Pollock

Management's Discussion and Analysis

December 31, 2017

- **Proprietary Funds** – These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

NET POSITION

A condensed version of the government-wide Statement of Net Position is presented as follows:

	December 31, 2017			
	Governmental Activities	Business- Type Activities	Total	December 31, 2016
<u>Assets:</u>				
Current and Other Assets	\$ 31,018	\$ 2,057,813	\$ 2,088,831	\$ 2,100,492
Internal Balances	6,090	(6,090)	----	----
Capital Assets	2,269,672	9,100,719	11,370,391	11,077,375
Total Assets	2,306,780	11,152,442	13,459,222	13,177,867
Deferred Outflows	62,189	182,726	244,915	300,015
<u>Liabilities:</u>				
Current and Other Liabilities	33,714	128,086	161,800	148,864
Long-term Liabilities	339,115	451,241	790,356	771,765
Total Liabilities	372,829	579,327	952,156	920,629
Deferred Inflows	8,529	12,759	21,288	19,963
<u>Net Position:</u>				
Invested in Capital Assets (Net)	2,269,672	9,100,719	11,370,391	11,077,375
Restricted- Airport Operations	----	158,841	158,841	178,492
Unrestricted	(282,061)	1,483,522	1,201,461	1,281,423
Total Net Position	\$ 1,987,611	\$ 10,743,082	\$ 12,730,693	\$ 12,537,290

As the presentation appearing above demonstrates, the largest portion of the Town's net position (89.31%) is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and any infrastructure acquired after January 1, 2004 less any debt used to acquire the assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. An additional portion of the net position (1.25%) is subject to restrictions that the funds be used for Airport Operations. The remaining unrestricted net position (9.44%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Pollock

Management's Discussion and Analysis

December 31, 2017

CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	<u>For the Year Ended December 31, 2017</u>			<u>For the Year Ended December 31, 2016</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Revenues:				
Program Revenue:				
Charges for Services	\$ 340,975	\$ 1,917,713	\$ 2,258,688	\$ 2,212,301
Operating Grants and Contributions	----	----	----	----
Capital Grants and Contributions	----	-	-	28,750
General Revenue:				
Property Taxes	----	----	----	----
Sales Taxes	65,439	----	65,439	57,977
Franchise Taxes	22,473	----	22,473	20,593
Licenses and Permits	37,769	----	37,769	37,422
Other	38,143	2,684	40,827	61,791
<u>Total Revenue</u>	<u>504,799</u>	<u>1,920,397</u>	<u>2,425,196</u>	<u>2,418,834</u>
Program Expenses:				
General Government	352,746	----	352,746	313,871
Public Safety –				
Police Department	315,662	----	315,662	364,282
Public Works –				
Roads and Bridges	2,693	----	2,693	7,567
Sanitation	----	----	----	----
Utility System	----	1,535,981	1,535,981	1,471,954
Airport	----	24,711	24,711	16,359
<u>Total Expenses</u>	<u>671,101</u>	<u>1,560,692</u>	<u>2,231,793</u>	<u>2,174,033</u>
Excess (Deficiency) Before Transfers and Special Items	(166,302)	359,705	193,403	244,801
Transfers	178,967	(178,967)	----	----
Change in Net Position	12,665	180,738	193,403	244,801
<u>Net Position Beginning</u>	<u>1,974,946</u>	<u>10,562,344</u>	<u>12,537,290</u>	<u>12,292,489</u>
<u>Net Position Ending</u>	<u>\$ 1,987,611</u>	<u>\$ 10,743,082</u>	<u>\$ 12,730,693</u>	<u>\$ 12,537,290</u>

Governmental activities increased the Town's net position by \$12,665. Business-type activities increased the Town's net position by \$180,738.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$3,394 which represents a decrease of \$425,129 in comparison to the previous balance.

Town of Pollock

Management's Discussion and Analysis

December 31, 2017

Differences between fund balances and net position reported for governmental activities are attributable to including capital assets in the determination of net position, and the inclusion of long-term retirement obligations.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund is required to adopt a budget and the budget is amended as necessary. For the current year, amendments were necessary to budget for an increase in collection of fines and forfeitures and increases in general government expenditures. These increases in expenses and increases in revenues were not anticipated when the original budget was prepared. In the current year the Town's revenues and other sources were less than budgeted amounts by \$99,697. The Town's expenses and other uses were less than budgeted expenses by \$103,091. Budget variances for revenues and other sources were not within the range allowed by Louisiana Revised Statutes.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2017 was for the purchase of a new police car, the installation of fire hydrants, and upgrades to the Town's water and sewer systems. In addition, work was completed on the Splash Pad, a recreational area for use by the Town's citizens.

DEBT ADMINISTRATION

The Town of Pollock had no outstanding debt issuances as of December 31, 2017.

Town of Pollock

STATEMENT OF NET POSITION

December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 1,937,535	\$ 1,937,535
Receivables	31,018	69,175	100,193
Restricted Cash	-	51,103	51,103
Internal balances	6,090	(6,090)	-
Capital assets			
Non depreciable capital assets	347,407	20,600	368,007
Depreciable capital assets, net	1,922,265	9,080,119	11,002,384
Total assets	<u>2,306,780</u>	<u>11,152,442</u>	<u>13,459,222</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	\$ 62,189	\$ 182,726	\$ 244,915
<u>LIABILITIES</u>			
Cash Overdraft	4,311		4,311
Accounts and other payables	29,403	76,983	106,386
Deposits due others	-	51,103	51,103
Aggregate Net Pension Liability	339,115	451,241	790,356
Total liabilities	<u>372,829</u>	<u>579,327</u>	<u>952,156</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	8,529	12,759	21,288
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	2,269,672	9,100,719	11,370,391
Restricted for:			
Airport operations	-	158,841	158,841
Unrestricted	(282,061)	1,483,522	1,201,461
Total Net Position	<u>\$ 1,987,611</u>	<u>\$ 10,743,082</u>	<u>\$ 12,730,693</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 352,746	\$ 240	\$ -	\$ -	\$ (352,506)	\$ -	\$ (352,506)
Public safety - police department	315,662	340,735	-	-	25,073	-	25,073
Streets, Drainage and Recreation	2,693	-	-	-	(2,693)	-	(2,693)
Sanitation	-	-	-	-	-	-	-
Total governmental activities	<u>671,101</u>	<u>340,975</u>	<u>-</u>	<u>-</u>	<u>(330,126)</u>	<u>-</u>	<u>(330,126)</u>
<u>Business-Type Activities:</u>							
Utility System	1,535,981	1,917,563	-	-	-	381,582	381,582
Municipal Airport	<u>24,711</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,561)</u>	<u>(24,561)</u>
Total business-type activities	<u>1,560,692</u>	<u>1,917,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,021</u>	<u>357,021</u>
Total primary government	<u>\$ 2,231,793</u>	<u>\$ 2,258,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(330,126)</u>	<u>357,021</u>	<u>26,895</u>
<u>General Revenues:</u>							
Taxes:							
Ad valorem					-	-	-
Sales taxes					65,439	-	65,439
Franchise					22,473	-	22,473
Licenses and permits					37,769	-	37,769
Miscellaneous					38,143	2,684	40,827
Internal transfers					178,967	(178,967)	-
Total general revenues					<u>342,791</u>	<u>(176,283)</u>	<u>166,508</u>
Change in Net Position					12,665	180,738	193,403
Net Position Beginning					<u>1,974,946</u>	<u>10,562,344</u>	<u>12,537,290</u>
Net Position Ending					<u>\$ 1,987,611</u>	<u>\$ 10,743,082</u>	<u>\$ 12,730,693</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Balance Sheet **Governmental Funds - December 31, 2017**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables (net)	\$ 31,018	\$ -	\$ -	\$ 31,018
Interfund Receivables	6,090	-	-	6,090
Total assets	<u>\$ 37,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,108</u>
Liabilities and Fund Balance				
<u>Liabilities</u>				
Cash Overdraft	4,311			\$ 4,311
Accounts payable	\$ 29,403	\$ -	\$ -	\$ 29,403
Interfund payables		-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>33,714</u>	<u>-</u>	<u>-</u>	<u>33,714</u>
<u>Fund Balance</u>				
Assigned				
Capital Projects Funds	-	-	-	-
Unassigned				
General Fund	3,394	-	-	3,394
Total Fund Balances	<u>3,394</u>	<u>-</u>	<u>-</u>	<u>3,394</u>
Total Liabilities and Fund Balance	<u>\$ 37,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,108</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended December 31, 2017

Total Fund Balances- Governmental Funds	\$ 3,394
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,269,672
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	<u>(285,455)</u>
Net Position of Governmental Activities	<u>\$ 1,987,611</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended December 31, 2017

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	65,439	-	-	65,439
Franchise taxes	22,473	-	-	22,473
Licenses & permits:	37,769	-	-	37,769
Intergovernmental	14,168	-	-	14,168
Fines and forfeitures	326,807	-	-	326,807
Other	38,143	-	-	38,143
Total Revenues	<u>504,799</u>	<u>-</u>	<u>-</u>	<u>504,799</u>
Expenditures:				
Current				
General government	264,245	-	-	264,245
Public safety - police department	289,823	-	-	289,823
Streets	2,693	-	-	2,693
Capital expenditures	552,134	-	-	552,134
Total Expenditures	<u>1,108,895</u>	<u>-</u>	<u>-</u>	<u>1,108,895</u>
Excess (Deficiency) of Revenues Over Expenditures	(604,096)	-	-	(604,096)
Other Financing Sources (Uses):				
Operating transfers in	178,967	-	-	178,967
Operating transfers out	-	-	-	-
Net Change in Fund Balances	(425,129)	-	-	(425,129)
Fund Balance (Deficit) - Beginning of Year	<u>428,523</u>	<u>-</u>	<u>-</u>	<u>428,523</u>
Fund Balance (Deficit) - End of Year	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,394</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended December 31, 2017

Net change in fund balances of Governmental Funds	\$ (425,129)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	480,971
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds	<u>(43,177)</u>
Change in net position of governmental activities	<u>\$ 12,665</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Net Position

Proprietary Funds - December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,773,059	\$ 164,476	\$ 1,937,535
Receivables (net)	68,720	455	69,175
Restricted Assets:			
Cash and cash equivalents			
Meter Deposits	51,103	-	51,103
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	-	-
Non depreciable assets	20,600	-	20,600
Depreciable assets (net)	9,046,759	33,360	9,080,119
Total assets	10,960,241	198,291	11,158,532
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	182,726	-	182,726
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts and other payable	76,983	-	76,983
Interfund Payables		6,090	6,090
Aggregate Net Pension Liability	451,241	-	451,241
Deposits due others	51,103	-	51,103
Total liabilities	579,327	6,090	585,417
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	12,759	-	12,759
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	9,067,359	33,360	9,100,719
Restricted for:			
Airport operations	-	158,841	158,841
Unrestricted	1,483,522	-	1,483,522
Total net position	\$ 10,550,881	\$ 192,201	\$ 10,743,082

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 1,911,865	\$ 150	\$ 1,912,015
Other	5,698	-	5,698
Total Operating Revenues	1,917,563	150	1,917,713
<u>Operating Expenses:</u>			
Depreciation	370,946	4,210	375,156
Insurance	46,282	-	46,282
Legal and professional	26,935	15,701	42,636
Other	79,881	4,800	84,681
Office	9,499	-	9,499
Payroll taxes and benefits	234,641	-	234,641
Repairs and maintenance	188,000	-	188,000
Salaries and wages	437,889	-	437,889
Utilities and telephone	141,908	-	141,908
Total Operating Expenses	1,535,981	24,711	1,560,692
Operating Income (Loss)	381,582	(24,561)	357,021
<u>Nonoperating Revenues (Expenses):</u>			
Interest income	1,984	700	2,684
Interest expense	-	-	-
Contributed Capital	-	-	-
Change in Net Position Before Contributions and Transfers	383,566	(23,861)	359,705
<u>Special Items and Transfers:</u>			
Operating Transfers In (Out)	(178,967)	-	(178,967)
Change in net position	204,599	(23,861)	180,738
Total net position - beginning	10,346,282	216,062	10,562,344
Total net position - ending	\$ 10,550,881	\$ 192,201	\$ 10,743,082

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Cash Flows

Proprietary Funds - Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 1,909,622	\$ 150	\$ 1,909,772
Cash payments to suppliers of goods and services	(724,829)	(20,501)	(745,330)
Cash payments to employees for services	(437,889)	-	(437,889)
Changes in Pension Liability	31,839	-	31,839
Net cash provided (used) by operating activities	<u>778,743</u>	<u>(20,351)</u>	<u>758,392</u>
<u>Cash flows from non-capital financing activities:</u>			
Repayment of advance	-	-	-
Change in due to from other funds	-	6,090	6,090
Operating transfers in(out)	(178,967)	-	(178,967)
Ad valorem taxes	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(178,967)</u>	<u>6,090</u>	<u>(172,877)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(187,201)	-	(187,201)
Debt Proceeds	-	-	-
Contributed Capital	-	-	-
Change in Accrued Loan Interest	-	-	-
Principle paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(187,201)</u>	<u>-</u>	<u>(187,201)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	1,984	700	2,684
Net cash provided (used) by investing activities	<u>1,984</u>	<u>700</u>	<u>2,684</u>
Net increase (decrease) in cash	414,559	(13,561)	400,998
Beginning cash balance	1,409,603	178,037	1,587,640
Ending cash balance	1,824,162	164,476	1,988,638
Less restricted cash and cash equivalents	51,103	-	51,103
Cash and cash equivalents	<u>\$ 1,773,059</u>	<u>\$ 164,476</u>	<u>\$ 1,937,535</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 381,582	\$ (24,561)	\$ 357,021
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	370,946	4,210	375,156
(Increase) decrease in accounts receivable	(10,218)	-	(10,218)
(Decrease) increase in accounts and other payables	2,317	-	2,317
(Decrease) increase in overall pension liability	31,839		31,839
(Decrease) increase in meter deposits	<u>2,277</u>	<u>-</u>	<u>2,277</u>
Net cash provided (used) by operating activities	<u>\$ 778,743</u>	<u>\$ (20,351)</u>	<u>\$ 758,392</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pollock, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Pollock include but are not limited to public safety (police and fire protection), streets, sanitation, water utility service, sewer utility service, and operation of a municipal airport.

The Town's accounting polices conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting polices are described as follows:

FINANCIAL REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of the Town of Pollock for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

MAJOR BUSINESS-TYPE FUNDS

Utility System – The utility system fund is used to account for the operation of the Town's water and sewer system, which is supported by user charges.

Municipal Airport – The Municipal Airport Fund is used to account for the operation of the Town's airport, which is supported by revenue generated from the Airport and surrounding property.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. In addition, the basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred. Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

BUDGETARY CONTROL

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility or Airport Fund.

CASH AND CASH EQUIVALENTS

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

INTERNAL ACTIVITY:

Interfund transactions are reported as operating transfers when the recipient fund is not expected to provide repayment. Transactions that are expected to result in repayment are reported as interfund receivables and payables. Any interfund receivables and payables that are not expected to be repaid within one year are classified as advances.

In preparing the government-wide financial statements, internal activity is eliminated to present net amounts for governmental activities and business-type activities.

RESTRICTED ASSETS:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

CAPITAL ASSETS

Capital assets, which include property, equipment and infrastructure acquired after January 1, 2004, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 40 years. Useful lives are selected depending on the expected durability of the particular asset.

COMPENSATED ABSENCES

The Town does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, deposits 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.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

At December 31, 2017, the Town had \$2,067,728 in deposits (collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance on demand deposits; \$250,000 of federal deposit insurance on the Interest-Bearing Accounts for a total of \$500,000 and \$1,952,771 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 3 – RECEIVABLES

Receivables at December 31, 2017 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for Services	\$ ----	\$ 68,720
Franchise Taxes	4,886	----
Ad Valorem Taxes	----	----
Grant	----	----
Other	13,439	455
Total Accounts Receivable	18,325	69,175
<u>Due From Other Governments</u>		
Sales Tax	12,693	----
Total Due From Other Governments	12,693	----
Receivables, net	\$ 31,018	\$ 69,175

NOTE 4 - LONG-TERM DEBT

The Town of Pollock had no long-term outstanding debt or debt activity for the year ended December 31, 2017.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

NOTE 5 – CAPITAL ASSETS

A summary of capital transactions for the year ended December 31, 2017 follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u> <u>Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 207,407	\$ ----	\$ ----	\$ 207,407
Donated Property	140,000	----	----	140,000
Construction in Process	31,099	----	31,099	-
Total	378,506	----	31,099	347,407
Depreciable Capital Assets				
Buildings and Improvements	1,447,320	541,525	----	1,988,845
Vehicles	137,568	41,707	----	179,275
Furniture, Fixtures and Equipment	450,344	----	----	450,344
Accumulated Depreciation	(625,036)	(71,163)	----	(696,199)
Total	1,410,196	512,069	----	1,922,265
Total Governmental Activities	\$ 1,788,702	\$ 512,069	\$ ----	\$ 2,269,672
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 20,600	\$ ----	\$ ----	\$ 20,600
Utility Construction in Process	----	----	----	----
Total	20,600	-	-	20,600
Depreciable Capital Assets				
Water Distribution System	3,362,730	81,657	----	3,444,387
Wastewater System	2,121,189	105,543	----	2,226,732
Airport Improvements	181,360	----	----	181,360
Prison Utility System	10,705,901	----	----	10,705,901
Accumulated Depreciation	(7,103,105)	----	375,156	(7,478,261)
Total	9,268,075	187,200	375,156	9,080,119
Total Business-Type Activities	\$ 9,288,675	\$ 187,200	\$ 375,156	\$ 9,100,719

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
General Government	\$ 50,456	\$ ----	\$ 50,456
Public Safety	20,707	----	\$ 20,707
Utility System	----	370,946	\$ 370,946
Municipal Airport	----	4,210	\$ 4,210
Total Depreciation Expense	\$ 71,163	\$ 375,156	\$ 446,319

NOTE 6 – TAXES

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2017, the Town did not levy any mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2017.

Sales Taxes:

Citizens of the Town have permanently approved a 1.0% sales tax which is to be used for General Fund expenditures. The sales taxes are collected by the Grant Parish Sheriff's Office and remitted to the Town on a monthly basis.

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

NOTE 8 - PENSION PLANS

The Town of Pollock's employees are eligible to be members of statewide retirement systems. These systems are cost-sharing, multiple employer defined benefit plans administered by separate boards of trustees. Pertinent information regarding each plan follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 528,922	\$ 199,835	\$ 13,954
Municipal Police Employees' Retirement System of Louisiana	<u>261,433</u>	<u>45,080</u>	<u>7,335</u>
Total	790,355	244,915	21,289
Portion Applicable to Government Type Activities	<u>339,114</u>	<u>62,189</u>	<u>8,530</u>
Portion Applicable to Business Type Activities	<u>\$ 451,241</u>	<u>\$ 182,726</u>	<u>\$ 12,759</u>

Municipal Employee's Retirement System of Louisiana

Plan Description- The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Any person eligible for membership whose first employment made him eligible for membership in the System on or after January 1, 2013 shall become a member of the MERS Plan B Tier 2. Any employee whose first employment made him eligible for membership in the system before January 1, 2013 shall become a member of MERS Plan B Tier 1. Under Plan B Tier 1, an employee can retire providing that he or she has 30 years of creditable service, or at age 60 with a minimum of 10 or more years of creditable service. Under Plan B Tier 2, an employee shall be eligible for retirement after age 55 with 30 years of service, 62 with 10 years of service, or 67 with 7 years of service. Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's 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.

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, accessed online at mersla.com, or by calling (225) 925-4810.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Pollock is required to contribute at an actuarially determined rate. 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 Pollock 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.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 86,523,279
Town's Proportionate Share (Percentage)	<u>0.611306%</u>
Town's Proportionate Share (Amount)	<u>\$ 528,922</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability	\$ 486,821
Employer Contributions	(50,050)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	107,746
Changes in Proportion	4,465
Changes in Benefit Terms	----
Employee Contributions	<u>(15,220)</u>
Change in Deferred Outflows of Resources	(1,922)
Change in Deferred Inflows of Resources	<u>(2,918)</u>
Ending Net Pension Liability	<u>\$ 528,922</u>

There were no changes between December 31, 2017 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 2,771	\$ 11,482	\$ (8,711)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	111,441	----	111,441
Changes of Assumptions	23,290	----	23,290
Changes in Proportion	10,615	2,472	8,143
Employer Contributions Made After the Measurement Date	<u>51,718</u>	<u>----</u>	<u>51,718</u>
Total Deferrals	199,835	13,954	185,881
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(51,718)</u>	<u>----</u>	<u>(51,718)</u>
Deferrals Subject to Amortization	<u>\$ 148,117</u>	<u>\$ 13,954</u>	<u>\$ 134,163</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2017	\$ 51,713
June 30, 2018	49,320
June 30, 2019	28,115
June 30, 2020	<u>5,015</u>
Total	<u>\$ 134,163</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

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
Actuarial Assumptions:	
Investment Rate of Return	7.4 %
Inflation Rate	2.775 %
Projected Salary Increases	5.00 % (2.775 % Inflation, 2.225 % Merit)
Mortality Rates	RP- 2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females RP-2000 Employees Sex Distinct Table set back 2 years for males and females RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an experience study, for the period July 2009 through June 30, 2014.

The long-term expected 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 expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

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	15 %	0.7 %
Totals	100 %	4.6 %
Inflation		2.6 %
Nominal Return		7.2%

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease Discount Rate	Current Discount Rate 7.40%	1% Increase 8.40 % Discount
Net Pension Liability	\$ 684,366	\$ 528,922	\$ 396,272

Municipal Police Employees' Retirement System of Louisiana

Plan Description- All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who joined the retirement system prior to January 1, 2013 and are at least age 50 with at least 20 years of creditable service or 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 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 previously and receive the benefit accrued to

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For members joining the system after January 1, 2013, eligibility for regular 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.

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 70800-2250, assessed online at lampers.org, or by calling (225) 929-7411.

Funding Policy- Plan members are required by state statute to contribute either 8.0 or 10.0 percent of their annual covered salary, based upon their classification as a Hazardous Duty or Non-Hazardous Duty member, and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town 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's contributions to the System for the years ending December 31, 2017 were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$	873,042,303
Town's Proportionate Share (Percentage)		0.0299451%
Town's Proportionate Share (Amount)	\$	<u>261,433</u>

The net pension liability presented above was not affected by any special funding situations.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability		\$	284,944
Employer Contributions			(28,402)
<u>Pension Expense</u>			
Amortization	25,893		
Proportionate Share of Plan Pension Expense	37,485		
Changes in Benefit Terms	----		
Employee Contributions	<u>(5,717)</u>		57,661
Change in Deferred Outflows of Resources			(54,360)
Change in Deferred Inflows of Resources			<u>1,590</u>
Ending Net Pension Liability		\$	<u>261,433</u>

There were no changes between December 31, 2017 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 1,712	\$ 2,009	\$ (297)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	11,445	----	11,445
Changes of Assumptions	18,602	-	18,602
Changes in Proportion	-	5,326	(5,326)
Employer Contributions Made After the Measurement Date	<u>13,321</u>	<u>----</u>	<u>13,321</u>
Total Deferrals	45,080	7,335	37,745
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(13,321)</u>	<u>----</u>	<u>(13,321)</u>
Deferrals Subject to Amortization	<u>\$ 31,759</u>	<u>\$ 7,335</u>	<u>\$ 24,424</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

<u>For the Year Ending:</u>	
June 30, 2017	\$ 8,508
June 30, 2018	13,587
June 30, 2019	8,464
June 30, 2020	<u>(6,135)</u>
Total	<u>\$ 24,424</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325% per annum
Expected Remaining Service Lives	4 Years
Inflation Rate	2.70 % per annum
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense

Projected 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	Healthy Annuitants/ Beneficiaries	RP-2000 Combined Health w/ Blue Collar Adj. Sex Distinct Table, Back 1 yr. F
	Disabled Annuitants	RP-2000 Disabled Lives Table; Back 5 yrs. M, 3 yrs. F
	Active Members	RP-2000 Employee Table; Back 4 Yrs. M, 3 Yrs. F

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

The actuarial assumptions 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 benefit structures were changed after the study period, assumptions were based on estimates of future experience.

The mortality rate assumption used was set based upon 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 then 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 tables 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>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53.00 %	3.66 %
Fixed Income	21.00 %	0.52 %
Alternatives	20.00 %	1.10 %
Other	6.00 %	0.16 %
Totals	100.00 %	5.44 %
Inflation		2.75 %
Nominal Return		8.19 %

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

	1% Decrease 6.325% Discount Rate	Current Discount Rate 7.325%	1% Increase 8.325 % Discount
Net Pension Liability	\$ 361,194	\$ 261,433	\$ 177,740

NOTE 9 - RESTRICTED RESOURCES

Restrictions on the Town's utility fund imposed by various laws, regulations, contracts and grants are summarized as follows:

Assets, liabilities, and equity classified as restricted are summarized as follows:

Cash	\$ 51,103
Liabilities Payable from Restricted Assets	(51,103)
<u>Total Restricted Retained Earnings</u>	<u>\$ -</u>

The Town also operates a municipal airport on property that was originally provided by Federal sources. Restrictions imposed by the donor require resources generated by the property to be used solely for operation of the Airport and maintenance of the property. Accordingly, resources held by the Municipal Airport Fund in the amount of \$158,841 have been classified as restricted.

NOTE 10 – CONTINGENCIES

Portions of the Town's Utility Systems are located in the right of way of various state roads. In connection with improvements to the State Highway System, it has been necessary for the town to relocate portions of its service lines. In order to assist with the financial burdens of line relocation, the state has provided Utility Relocation Assistance Funds (URAF) to the town. The URAF program states that such assistance is not a loan and the town is not currently required to repay or reimburse the state for this funding. The town may eventually be required to reimburse/repay these funds in order for the town to have access to state owned right of ways in the future. For the years ended December 31, 2002 and 2003, the town received \$120,058 in URAF assistance. The amount of URAF assistance the town has received in years prior to 2002 cannot presently be determined.

NOTE 11 – ECONOMIC DEVELOPMENT ACTIVITIES

In order to enhance the local economy and provide employment opportunities for the citizens of Pollock, the Town has devoted substantial attention and resources to the development of a federal prison facility. The Town's activities associated with this project are summarized as follows:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

PRISON SITE

In order to make the Town's property available for a prison site it was necessary to negotiate a release from a deed restriction that encumbered the property. As consideration for the release of the deed restriction, the FAA required compensation for the Town's Municipal Airport. The Town agreed to provide compensation by transferring funds from the Utility System to the Municipal Airport. Under the terms of this arrangement, funds were required to be transferred in annual installments of \$19,800. Furthermore, the annual transfers must be completed for a period of ten consecutive years beginning March 31, 2000. During 2009, the Town paid its final payment on this obligation.

Based on the present value of the compensation payable to Municipal Airport, the cost of the Utility System's investment in the prison site was determined to be \$154,764. Upon release of the deed restriction, the prison site was donated to the Bureau of Prisons.

UTILITY SERVICE COMMITMENT

The Town has entered into an agreement to provide water and sewer service for the federal prison facility. In order to fulfill this commitment, the Town constructed a new water system and sewer system. Funding for a portion of new utility infrastructure was provided by a tap fee in the amount of \$1,000,000 that was collected from the Bureau of Prisons during 1999. Funding for the remaining improvements was provided by a capital outlay project and by issuing revenue bonds. In September 2003, the Town negotiated a second Prison site with the Bureau of Prisons which called for a payment of a tap fee of \$ 3,023,750 an increase in monthly utility fees. This new tap fee covered the costs of needed expansion of the water and sewer systems to accommodate the new facility. This \$3,023,750 tap fee was received and recorded as revenue in 2004. Revenue earned from providing services to the Bureau of Prisons is used to operate the Utility System.

NOTE 12 – INTERNAL ACTIVITY

The Utility System transferred \$178,967 to the General Fund for the year ended December 31, 2017. As there is no expectation of repayment, the amount has been classified as an operating transfer.

The General Fund paid \$6,090 on behalf of the Airport Fund for engineering fees during the year ended December 31, 2017. The Airport Fund will be required to repay the amounts to the General Fund. As such, the amount has been recorded as an interfund receivable/payable.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2017

NOTE 13 – GRANT REVENUES

The Town did not receive any significant amounts in grant revenues in the current year.

Town of Pollock

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Year Ended December 31, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	55,000	55,000	65,439	10,439
Franchise taxes	20,000	20,000	22,473	2,473
Licenses & permits:	37,500	37,500	37,769	269
Intergovernmental	10,000	12,000	14,168	2,168
Fines and forfeitures	250,000	275,000	326,807	51,807
Interest	1,000	350	-	(350)
Other	20,000	30,000	38,143	8,143
Total revenues	393,500	429,850	504,799	74,949
General Government:				
Current				
General government	711,200	861,800	264,245	597,555
Public safety- police department	276,800	346,986	289,823	57,163
Sanitation	3,200	3,200	-	3,200
Streets	-	-	2,693	(2,693)
Capital expenditures	-	-	552,134	(552,134)
Total expenditures	991,200	1,211,986	1,108,895	103,091
Excess (Deficiency) of				
Revenues Over Expenditures	(597,700)	(782,136)	(604,096)	178,040
Other Financing Sources (Uses):				
Operating transfers in	597,700	353,613	178,967	(174,646)
Operating transfer out	-	-	-	-
Net Change in Fund Balances	-	(428,523)	(425,129)	3,394
Fund Balance (Deficit) -				
Beginning of Year	-	428,523	428,523	-
Fund Balance (Deficit) -				
End of Year	\$ -	\$ -	\$ 3,394	\$ 3,394

TOWN OF POLLOCK

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2015	0.59%	403,940	208,891	193.4%	76.9%
June 30, 2016	0.59%	486,821	431,495	112.8%	62.1%
June 30, 2017	0.67%	582,922	467,750	124.6%	63.5%
Municipal Police Employees' Retirement System					
June 30, 2015	0.03%	242,619	84,242	288.0%	75.1%
June 30, 2016	0.03%	284,944	81,123	351.3%	66.0%
June 30, 2017	0.03%	261,433	69,680	375.2%	70.08%

Notes to Schedule

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above

TOWN OF POLLOCK

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
December 31, 2015	39,167	39,167	-	208,891	18.75%
December 31, 2016	40,992	40,992	-	431,495	9.50%
December 31, 2017	56,909	56,909	-	467,750	12.17%
Municipal Police Employees' Retirement System					
December 31, 2015	26,115	26,115	-	84,242	31.00%
December 31, 2016	25,148	25,148	-	81,123	31.00%
December 31, 2017	21,863	21,863	-	69,680	31.38%

Town of Pollock

Schedule of Compensation Paid to Board Members For the year ended December 31, 2017

Jerome Scott, Mayor	\$ 9,000
Deborah Tumminello	3,000
Sharon Zeh	3,000
R. Wilkins, Sr.	3,000
June "Penny" Johnson	3,000
Randy Estes	<u>3,000</u>
 Total	 <u>\$ 24,000</u>

Town of Pollock

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the Year Ended December 31, 2017

	<u>Jerome Scott</u>
<u>Purpose</u>	
Salary	\$ 9,000

Louisiana Law requires reporting compensation, benefits and reimbursements provided for the Agency Head or Chief Executive Officer. Jerome Scott is the Mayor of Pollock.

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA
RETIRED - 2005

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

May 16, 2018

The Honorable Mayor and
Members of the Board of Aldermen
Town of Pollock, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Pollock's basic financial statements and have issued our report thereon dated May 16, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiency in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

-Members-

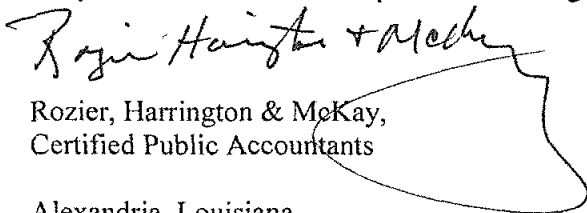
American Institute of Certified Public Accountants • Society of Louisiana, CPAs

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Pollock'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. This finding is described in the accompanying schedule of findings and questioned costs as 2017-1.

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.



Rozier, Harrington & McKay,
Certified Public Accountants

Alexandria, Louisiana
May 16, 2018

TOWN OF POLLOCK

Schedule of Findings and Questioned Cost For the Year Ended December 31, 2017

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the primary government financial statements for the Town of Pollock as of December 31, 2017 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed one instance (2017-1) of noncompliance that is considered to be material to the financial statements of the Town of Pollock.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- Finding 2017-1: Budget Violation – In the current year, General Fund actual revenues and other sources were 12.7% less than budgeted amounts.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- N/A

Town of Pollock
Management's Corrective Action Plan
December 31, 2017

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	RESPONSE:
<p><u>Finding 2017-1: General Fund Budget Violation</u> In the current year, General Fund actual revenues and other sources were 12.7% less than budgeted amounts.</p>	<p><u>Response:</u> In the current year, the Town anticipated that the General Fund would need \$353,613 in operating transfers from the Utility Fund for operating expenses and capital projects. However, due to efficient management of our resources, the General Fund only required \$178,967 in operating transfers. In the future we will monitor our budget more closely, to ensure budgetary compliance.</p>
SECTION II	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>A single audit was not required.</p>	<p>Response – N/A</p>
SECTION III	
MANAGEMENT LETTER	
<p>N/A- No Management Letter issued.</p>	<p>Response – N/A</p>

Town of Pollock

Summary of Prior Year Findings and Questioned Costs

December 31, 2017

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	STATUS:
<u>Finding 2016-1: Improper Payment of Benefits:</u> In the current year, the Town of Pollock continued payment of health insurance benefits for two employees after they had ended their employment with the Town.	Resolved.
SECTION II	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
A single audit was not required.	Response – N/A
SECTION III	
MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A

APPENDIX A
**Statewide Agreed-Upon
Procedures**



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Jerome Scott, Mayor
The Board of Alderman and
The Louisiana Legislative Auditor:

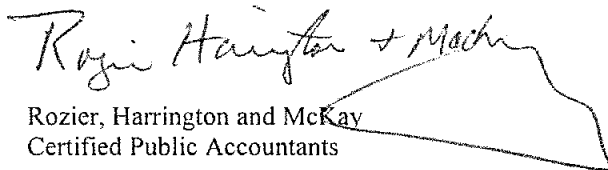
We have performed the procedures enumerated below, which were agreed to by the Town of Pollock (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year beginning January 1st, 2017 through December 31, 2017. 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 results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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.


Rozier, Harrington and McKay
Certified Public Accountants

May 16, 2018
Alexandria, Louisiana

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>The Town does not have any written procedures regarding the following functions:</p> <ul style="list-style-type: none"> ○ Budgeting ○ Disbursements ○ Receipts ○ Contracting ○ Credit Cards ○ Travel and Expense Reimbursement <p>The Town's written policies did not address all of the required elements of the following functions:</p> <ul style="list-style-type: none"> ○ Purchasing ○ Payroll ○ Ethics <p>The Town's written policies did not cover the following functions because they were not applicable to the Town</p> <ul style="list-style-type: none"> ○ Debt Service 	<p><i>We will examine our written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p>c) If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>RHM has reviewed the board and committee minutes for the fiscal period.</p> <p>The board met with a quorum at least monthly.</p> <p>Budget-to-Actual comparisons are included as part of the Board's monthly report.</p> <p>Not applicable, no budgets were adopted that increased an existing deficit.</p> <p>The Town's minutes included non-budgetary financial information for at least one meeting during the fiscal period.</p>	<p><i>The results did not contain any critical comments</i></p> <p><i>The results did not contain any critical comments</i></p> <p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not contain any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
3 Obtain a listing of client bank accounts from management	RHM has obtained a listing of the Town's bank accounts and selected five for testing.	<i>The results did not contain any critical comments.</i>
4 Using the listing provided by management, select a minimum of five (5) bank accounts and report whether: <ul style="list-style-type: none"> a) Bank reconciliations have been prepared; b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period. 	<p>Bank Reconciliations had been prepared for all accounts.</p> <p>No member of management, without involvement in the transaction reviews the bank reconciliations.</p> <p>Management addresses outstanding reconciling items, and there were none over 6 months old as of the end of the fiscal period.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The Town will begin having a council member, without signatory authority on the bank accounts, review each bank statement.</i></p> <p><i>The results did not contain any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Up Procedure	Results	Managements' Response
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p>	<p>All collections are processed by one centralized bookkeeping operation, located at Town Hall</p>	<p><i>The results did not contain any critical comments.</i></p>
<p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> • bonded, • not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account • not required to share the same cash register or drawer with another employee. <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p> <p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> • Report whether the deposits were made within one day of collection. 	<p>Employees taking cash are not bonded. A single employee is responsible for reconciling the bank accounts and depositing cash. No employees are required to share the same register.</p> <p>The Town of Pollock has a formal (although not written) policy regarding reconciling cash collections to the general ledger by revenue source, by a person not responsible for cash collections in the cash collection location selected.</p> <p>All deposits were made within one day of collection.</p>	

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<ul style="list-style-type: none"> • Verify that daily cash collections are completely supported by documentation 	All cash collections are supported by documentation.	<i>The results did not contain any critical comments.</i>
7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.	The Town of Pollock does not have written documentation regarding the collection process. In practice, the Town uses receipts and account records to determine completeness of collection. In addition, many large revenue sources (such as sales tax) can be confirmed with outside parties responsible for collection.	<i>The Town will determine the necessity of formally documenting its cash collection policies, which are currently functioning as designed.</i>

Town of Pollock

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Up Procedure	Results	Managements' Response
<p>8 Obtain a listing of entity disbursements from management</p> <p>9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system.</p> <p>b) Purchase orders were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without</p> <ul style="list-style-type: none"> • An approved requisition and/or purchase order • A receiving report showing receipt of goods purchased, • An approved invoice. <p>10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.</p>	<p>Management has provided RHM access to the general ledger accounting system.</p> <p>Although the Town's procedures do not require purchase orders for all transactions selected in the disbursement sample, there were certain transactions that should have required a purchase order that did not have one. These were limited to minor supply purchases. There were no instances where the same person who initiated the purchase signed the purchase order. The Town's procedures do not require receiving reports to issue payment. All payments had an approved invoice to support disbursements made.</p> <p>The Town Clerk, who is responsible for processing payments, is able to add vendors to the entity's purchasing/disbursement system.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The Town has historically not required purchase orders for certain transactions or relied upon other documentation to verify the legitimacy of the transaction. We will examine our purchase order system and determine whether purchase orders should be required for additional types of disbursements.</i></p> <p><i>The Town will examine its current controls and determine whether having a different clerk add vendors to the purchasing/disbursement system is necessary.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	Although there is no written documentation, persons with signatory authority do not have any responsibility for initiating purchases. The Town Clerk, who is a signatory authority, records purchases.	<i>The Town will determine which controls require formal documentation, and whether any changes should be made to the Town's policies. However, the Town currently requires two signatures on each check, which mitigates the risk.</i>
12 Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority. If checks are printed on blank check stock, review documentation and report if persons with signatory authority have system access to print check.	The supply of unused checks is maintained in a locked location. The Town Clerk, who is a signatory authority, has access to the checks.	<i>The Town will determine whether any changes should be made to the Town's policies. However, the Town currently requires two signatures on each check, which mitigates the risk.</i>
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks is maintained under his or her control or is used only with the knowledge and consent of the signer.	The Town does not use signature stamps or machines.	<i>The findings did not contain any critical comments.</i>

Town of Pollock

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Up Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).</p>	<p>We have obtained a listing of all active credit cards, and management's representation that the listing is complete.</p>	<p><i>The findings did not contain any critical comments.</i></p>
<p>15 Select the monthly statement or combined statement with the largest dollar activity for each card and:</p> <p style="padding-left: 40px;">a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p style="padding-left: 40px;">b) Report whether finance charges and/or late fees were assessed on the selected statements</p>	<p>There was no evidence that the monthly statement was approved in writing by someone other than an authorized card holder.</p> <p>No finance charges or late fees were assessed on the selected statements.</p>	<p><i>In the future, the Town will have a council member, who is not an authorized card holder, review and approve all monthly credit card statements.</i></p> <p><i>The findings did not contain any critical comments.</i></p>
<p>16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p style="padding-left: 40px;">a) Obtain supporting documentation for all transactions for each of the 10 cards selected by:</p> <ul style="list-style-type: none"> • An original itemized receipt • Documentation of the business/public purpose • Other documentation that may be required by written policy 	<p>Each transaction was supported by an original, itemized receipt, and had a clear business or public purpose. No other documentation is required by written policy</p>	<p><i>The findings did not contain any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law	All transactions were under the scope of the Public Bid Law.	<i>The findings did not contain any critical comments.</i>
c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution	All transactions had a clear business/public purpose, and did not constitute a loan, donation, or pledge of public funds.	<i>The findings did not contain any critical comments.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>17 Obtain from management a listing of all travel and related expense reimbursements, by person.</p>	<p>Management has provided RHM access to the general ledger accounting system.</p>	<p><i>The results did not include any critical comments.</i></p>
<p>18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.</p>	<p>The Town has not adopted any formal written travel or expenditure reimbursement policies.</p>	<p><i>The Town will adopt appropriate formal documentation.</i></p>
<p>19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:</p> <p>a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.</p> <p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> • An original itemized receipt that identifies precisely what was purchased. • Documentation of the business/public 	<p>All reimbursements were at, or below GSA rates.</p> <p>Each expense was supported by an original, itemized receipt, and had a clear business/public purpose. No other documentation is required by written policy.</p>	<p><i>The results did not include any critical comments.</i></p> <p><i>The results did not include any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>purpose (Note: For meal charges, there should also be documentation of the individuals participating).</p> <ul style="list-style-type: none"> • Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) <p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p> <p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>None of the transactions selected constituted a loan, pledge, or donation of funds, credit, property, or things of value.</p> <p>Each expense was reviewed and approved by someone other than the recipient.</p>	<p><i>The results did not include any critical comments.</i></p> <p><i>The results did not include any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Up Procedure	Results	Managements' Response
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>RHM was given access to the general ledger, and able to sort/filter for contract payments. We have obtained management's representation that the listing is complete.</p>	<p><i>The results did not include any critical comments.</i></p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> • If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements. • If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. 	<p>A formal written contract was able to be located for four of the five contract vendors. A contract was unable to be located for the fifth vendor.</p> <p>Three of the five selections involved contracts awarded in the manner required by the Public Bid Law. The remaining two transactions were not subject to the public bid law and no bids or quotes were required. Documentation was reviewed, and it was determined that the entity complied with all legal requirements for contracts subject to the Louisiana Public Bid Law. Quotes were not solicited for the two contracts outside of the scope of the bid law.</p>	<p><i>The Town will work with its contract vendors and insure that a written contract is available for all contract vendors in the future.</i></p> <p><i>The Town did not solicit quotes for the two contracts outside of the Public Bid Law because they were for professional services. However, the Town's management is familiar with rates charged by local professionals, and monitors invoices as a best practice.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.</p>	<p>The were no change orders, or amendments to the agreements in the current year.</p>	<p><i>The results did not include any critical comments.</i></p>
<p>d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.</p>	<p>The largest payment from each of the four written contracts available for inspection was in compliance with terms of the agreements.</p>	<p><i>The results did not include any critical comments.</i></p>
<p>e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).</p>	<p>Board approval was made for the contracts in which it was required by policy or law.</p>	<p><i>The results did not include any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Up Procedure	Results	Managements' Response
<p>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>Each of the five selected employees was paid according to the Town's pay structure.</p> <p>All changes made to hourly pay during the year was formally documented in each employee's personnel file.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not contain any critical comments.</i></p>
<p>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p> <p>a) Report whether 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</p>	<p>Attendance records were available for inspection for hourly employees in service to the Police Department. All other employees of the town are full time employees paid a salary and are not required to fill out time sheets. Leave was documented for all employees who worked during</p>	<p><i>The Town will determine whether changes should be made to the Town's attendance policies.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>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.)</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p> <p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	<p>the selected pay period.</p> <p>For the available time and leave records, RHM verified the supervisor's written approval.</p> <p>The Town maintained a leave accrual sheet for all the selected employees.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not contain any critical comments.</i></p>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	<p>RHM obtained a listing of employees terminated during the fiscal period, and management's representation that the listing is complete. Selecting the two largest termination payments, RHM determined that the payments were made in strict accordance with the Town's policies.</p>	<p><i>The results did not contain any critical comments.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.	Upon inspection of supporting documentation, RHM determined that the April payment to MERS and MPERS was not remitted timely.	<i>The Town will determine whether an internal checklist of required reporting should be instituted by our finance department.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.	The five randomly selected employees had all taken required ethics training during the current fiscal year.	<i>The results did not contain any critical comments.</i>
27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.	Per inquiry of management, no alleged ethics violations were reported to the Town during the current fiscal period.	<i>The results did not contain any critical comments.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	The Town of Pollock did not issue any debt during the fiscal period	<i>The results did not contain any critical comments.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	The Town of Pollock did not have any outstanding debt during the fiscal period.	<i>The results did not contain any critical comments.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	The Town did not have tax millages related to debt service.	<i>The results did not contain any critical comments.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Other		
Agreed-Upon Procedure	Results	Managements' Response
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	The Town's management was not aware of any misappropriations of public funds or assets.	<i>The results did not contain any critical comments.</i>
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	The entity had the notice required by R.S. 24:523.1 posted on its premises.	<i>The results did not contain any critical comments.</i>
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	RHM did not observe or identify any exceptions regarding management's representations in the performance of the agreed-upon procedures.	<i>The results did not contain any critical comments.</i>