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TOWN OF POLLOCK, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

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

Release Date APR 05 2000

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February 15, 2000

Independent Auditors' Report

To the Mayor and Board of Aldermen
Town of Pollock, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Pollock, Louisiana as of December 31, 1999 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Pollock, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 15, 2000, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the

Town of Pollock
February 15, 2000

general purpose financial statements of the Town of Pollock. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Pollock. The schedule of expenditures of federal awards and the supplemental information have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



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February 15, 2000

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

To the Board of Directors
Town of Pollock, Louisiana
Pollock, Louisiana

We have audited the financial statements of the Town of Pollock, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated February 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Pollock, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Pollock, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of

Town of Pollock
February 15, 2000

one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF POLLOCK, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet

December 31, 1999

	Governmental Funds		Proprietary Funds		Account Group		Total (Memorandum Only)
	General Fund	Capital Projects Funds	Enterprise Funds	General Fixed Assets			
Cash	\$ 87,645	\$ 100,000	\$ 130,479	\$ -	\$ 318,124		
Receivables	12,208	-	12,656	-	24,864		
Restricted assets:							
Cash	-	119,911	113,714	-	233,625		
Interfund Receivable	-	-	12,155	-	12,155		
Advances to other funds	-	-	443,798	-	443,798		
Land, buildings and equipment (net of accumulated depreciation)	-	-	9,769,373	156,907	9,926,280		
Total assets	\$ 99,853	\$ 219,911	\$ 10,482,175	\$ 156,907	\$ 10,958,846		

ASSETS

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
December 31, 1999

	Governmental Funds		Proprietary Funds Enterprise Funds	Account Group		Total (Memorandum Only)
	General Fund	Capital Projects Funds		General Fixed Assets		
LIABILITIES AND EQUITY						
LIABILITIES:						
Accounts and other payables	\$ 9,467	\$ -	\$ 439,731	\$ -	\$ 449,198	
Interfund payables	2,948	-	9,207	-	12,155	
Accrued interest payable	-	-	9,622	-	9,622	
Advances from other funds	289,034	-	154,764	-	443,798	
Deposits due others	-	-	19,270	-	19,270	
General obligation bonds payable	-	-	25,950	-	25,950	
Revenue bonds payable	-	-	1,235,319	-	1,235,319	
Total Liabilities	\$ 301,449	\$ -	\$ 1,893,863	\$ -	\$ 2,195,312	
EQUITY:						
Investment in general fixed assets	-	-	-	156,907	156,907	
Contributed capital	-	-	7,333,639	-	7,333,639	
Retained Earnings:						
Reserved by bond covenants	-	-	76,148	-	76,148	
Reserved for airport operations	-	-	484,312	-	484,312	
Unreserved	-	-	694,213	-	694,213	
Fund Balances:						
Reserved for economic development	-	119,911	-	-	119,911	
Unreserved	(201,596)	100,000	-	-	(101,596)	
Total equity	(201,596)	219,911	8,588,312	156,907	8,763,534	
Total liabilities and equity	\$ 99,853	\$ 219,911	\$ 10,482,175	\$ 156,907	\$ 10,958,846	

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK, LOUISIANA
GOVERNMENTAL FUNDS
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 For the Year Ended December 31, 1999

	GENERAL FUND	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
<u>REVENUES:</u>			
Taxes:			
Ad valorem	\$ 8,242	\$ -	\$ 8,242
Sales	59,417	-	59,417
Other	13,823	-	13,823
Licenses and permits	26,350	-	26,350
Intergovernmental:			
COPS grant	11,406	-	11,406
Other state funds	21,731	-	21,731
Fines and forfeitures	68,584	-	68,584
Use of money and property	2,487	6,847	9,334
Other	7,043	-	7,043
Total revenues	219,083	6,847	225,930
<u>EXPENDITURES:</u>			
General government	106,563	3,412	109,975
Public safety	91,897	-	91,897
Sanitation	11,966	-	11,966
Total expenditures	210,426	3,412	213,838
Excess (deficiency) of revenues over expenditures	8,657	3,435	12,092
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	24,050	100,000	124,050
Operating transfers out	(14,637)	(2,509)	(17,146)
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,070	100,926	118,996
Fund balance (deficit) - beginning of year:	(219,666)	118,985	(100,681)
Fund balance (deficit) - end of year	\$ (201,596)	\$ 219,911	\$ 18,315

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK, LOUISIANA
GENERAL FUND
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 1999

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES:</u>			
Taxes:			
Ad valorem	\$ 6,300	\$ 8,242	\$ 1,942
Sales	58,000	59,417	1,417
Other	16,000	13,823	(2,177)
Licenses and permits	26,000	26,350	350
Intergovernmental:			
COPS grant	12,500	11,406	(1,094)
Other state funds	15,000	21,731	6,731
Fines and forfeitures	67,500	68,584	1,084
Use of money and property	-	2,487	2,487
Other	17,700	7,043	(10,657)
Total revenues	219,000	219,083	83
<u>EXPENDITURES:</u>			
General government	141,500	106,563	34,937
Public safety	80,000	91,897	(11,897)
Sanitation	7,500	11,966	(4,466)
Total expenditures	229,000	210,426	18,574
Excess (deficiency) of revenues over expenditures	(10,000)	8,657	18,657
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	10,000	24,050	14,050
Operating transfers out	-	(14,637)	(14,637)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	18,070	18,070
Fund balance (deficit) - beginning of year	(219,666)	(219,666)	-
Fund balance (deficit) - end of year	\$ (219,666)	\$ (201,596)	\$ 18,070

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK, LOUISIANA
PROPRIETARY FUNDS
 Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings
 For the Year Ended December 31, 1999

	<u>PROPRIETARY FUNDS</u> <u>ENTERPRISE</u> <u>FUNDS</u>
<u>OPERATING REVENUES:</u>	
Water sales	217,140
Sewer services	55,392
Tap fee	1,000,000
Other	20,096
	1,292,628
<u>OPERATING EXPENSES:</u>	
Depreciation	74,716
Fuel purchases	4,939
Insurance	7,610
Legal and professional	5,682
Miscellaneous	16,510
Office expense	1,166
Payroll taxes and benefits	5,965
Repairs and maintenance	19,458
Salaries and wages	41,636
Utilities and telephone	9,925
	187,607
Total operating revenues	1,292,628
Total operating expenses	187,607
Operating income (loss)	1,105,021
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Ad valorem taxes	4,634
Interest income	16,586
Interest expense	(26,299)
Land donated for prison site	(154,764)
Other	-
	-
Net income (loss) before operating transfers	945,178
Operating transfers in (out)	(106,904)
Net income (loss)	838,274
Add depreciation on fixed assets acquired with contributed capital	53,246
Net increase (decrease) in retained earnings	891,520
Retained earnings - beginning of year	363,153
Retained earnings - end of year	\$ 1,254,673

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK, LOUISIANA
PROPRIETARY FUNDS
 Combined Statement of Cash Flows
 For the Year Ended December 31, 1999

PROPRIETARY FUNDS

Enterprise Funds

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 1,105,021
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	74,716
(Increase) decrease in receivables from utility sales	(826)
Increase (decrease) in accounts and other payables	1,453
Increase (decrease) in deposits due others	1,426
Net cash provided (used) by operating activities	1,181,790

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:

Repayment of advance	2,000
Operating transfers from (to) general fund	(95,201)
Ad valorem tax receipts	4,148
Net cash provided (used) by non-capital financing activities	(89,053)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from revenue bonds	781,800
Asset acquisitions	(1,693,640)
Interest paid on general obligations and revenue bonds	(26,299)
Principal paid on general obligation bonds	(1,050)
Principal paid on revenue bonds	(18,690)
Net cash provided (used) by capital and related financing activities	(957,879)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	16,586
Net cash provided (used) by investing activities	16,586

Net increase (decrease) in cash	151,444
Beginning cash balance	92,749
Ending cash balance	244,193
Restricted cash balance	113,714
Unrestricted cash balance	\$ 130,479

Supplemental Disclosure of Cash Flow Information:

For the year ended December 31, 1999, the Town's Airport Fund reduced the balance due on its advance to the General Fund by \$11,703 in exchange for services provided by the General Fund. Furthermore, as discussed in Note 14, land valued at \$154,764 was contributed to the Town and the Town donated the land to the Federal Bureau of Prisons

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pollock (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, sanitation and street maintenance. The Town also operates a municipal airport, a water distribution system, and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

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) Statement No. 14 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. This criteria includes:

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 the 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Town:

Governmental Fund Type

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

Capital Projects Funds - Account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Account Groups

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the proprietary fund.

General Long-term Debt Account Group - This group of accounts is used to account for long-term debt of the Town not accounted for in the proprietary fund.

Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

Use Of Estimates:

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.

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.

Budget Practices:

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 Fund.

Fixed Assets:

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Since the Town does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

General fixed assets are reported at historical costs, including capitalized interest. For items acquired prior to January 1, 1995, there were few records supporting historical cost. Current replacement cost has been used as a basis for estimating historical cost incurred prior to January 1, 1995.

Property and equipment used in the proprietary fund operations are recorded at cost or estimated historical cost, including capitalized interest. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Prior to January 1, 1995, there were few records supporting the cost; therefore, costs were estimated based on research performed by the Town's consulting engineers.

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.

Encumbrance Accounting:

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Interfund Transactions:

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.

Total Columns On Combined Statements:

Total columns on the combined statements are captioned "Memorandum" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund transactions are not eliminated during the preparation of combined financial statements.

Statement Of Cash Flows:

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

Fund Equity:

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

NOTE 2 - RECEIVABLES

At December 31, 1999, amounts to be collected by the Town are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
<u>Accounts Receivable</u>				
Utility Accounts	\$ ---	\$ ---	\$ 12,656	\$ 12,656
Ad Valorem Taxes	4,786	---	---	4,786
Franchise Taxes	3,550	---	---	3,550
Other	446	---	---	446
Total Accounts Receivable	8,782	---	12,656	21,438
<u>Due From Other Governmental Units</u>				
Sales Taxes	3,426	---	---	3,426
Total Due From Other Governments	3,426	---	---	3,426
Total Receivables	\$ 12,208	\$ ---	\$ 12,656	\$ 24,864

At December 31, 1999 there were no material amounts of uncollectible receivables and there was no provision recorded on the books.

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 1999 the Town's cash balance totaled \$551,749 (book balance) and \$573,325 (bank balance). The composition of these accounts is as follows:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Cash	\$ 87,645	\$ 100,000	\$ 140,913	\$ 328,558
Restricted Cash	---	119,911	103,280	223,191
Total Cash	\$ 87,645	\$ 219,911	\$ 244,193	\$ 551,749

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

At December 31, 1999, the Town has \$573,325 in deposits (collected bank balance). These deposits are secured from risk by \$231,325 of federal deposit insurance and \$793,813 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - LONG-TERM DEBT

The Town has acquired a new police car under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the vehicle were capitalized. The leased property is reported in the general fixed assets account group at its original cost of \$19,766. The terms of the lease require 36 payments of \$594 each. At December 31, 1999, the lease has been paid in full.

Changes in general long-term debt are presented as follows:

Capital lease obligations at January 1, 1999	\$ 5,227
Additions	---
Deductions	5,227
Capital lease obligations at December 31, 1999	\$ ---

The following is a summary of bond transactions for the year ended December 31, 1999:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
Bond Payable, December 31, 1998	\$ 27,000	\$ 472,209	\$ 499,209
Issued	---	781,800	781,800
Retired	1,050	18,690	19,740
Bonds Payable, December 31, 1999	\$ 25,950	\$ 1,235,319	\$ 1,261,269

At December 31, 1999, the following Bond Issues were outstanding:

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$220,000 Water Revenue Bonds dated October 30, 1975, due in annual installments ranging from \$2,000 to \$13,000 plus interest at 5%, final installment due January 1, 2015.	\$ ---	\$ 131,319
\$25,000 Water Public Improvement Bonds Series A dated October 31, 1975, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	12,975	---
\$25,000 Water Public Improvement Bonds Series B dated October 31, 1975, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	12,975	---
\$225,000 Sewer Revenue Bonds dated November 10, 1981, due in annual installments ranging from \$2,000 to \$12,000 plus interest at 5%, final installment due November 10, 2021.	---	172,555
\$25,000 Water Revenue Bonds dated December 27, 1979, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2018.	---	15,042
\$140,000 Water Revenue Bonds dated June 22, 1983, due in annual installments ranging from \$1,000 to \$9,000 plus interest at 7.375%, final installment due January 1, 2023.	---	109,348
\$23,215 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1997, due in monthly installments of \$151 including interest of 5%, final installment due December 7, 2015.	---	19,479
\$2,525,000 Utility Revenue Bonds, dated May 12, 1999, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of		

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$11,994 including interest of 4.75% beginning May 12, 2001, final installment due May 12, 2039.	—	781,800
\$6,292 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1997, due in monthly installments of \$44 including interest at 7.375%, final installment due August 7, 2023.	—	5,776
Total	\$ 25,950	\$ 1,235,319

During the year ended December 31, 1999, the Town's enterprise funds incurred interest in the amount of \$35,921. A portion of interest incurred totaling \$26,299 was reported as expense and the remaining \$9,622 was reported as construction in progress. A schedule of maturities of long-term debt follows for the years ended December 31:

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
2000	\$ 1,000	\$ 13,475	\$ 14,475
2001	1,000	28,477	29,477
2002	1,000	41,416	42,416
2003	1,000	42,683	43,683
2004	1,000	44,013	45,013
Thereafter	20,950	1,065,255	1,086,205
Total	\$ 25,950	\$ 1,235,319	\$ 1,261,269

NOTE 5 - 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, 1999, the Town levied 8.0 mills for general corporate purposes and 4.5 mills for debt service on general obligation bonds issued by the waterworks enterprise fund.

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, 1999.

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of the property and equipment at December 31, 1999 consists of the following:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

	Balance 12/31/98	Additions	Disposals	Balance 12/31/99
<u>General Fixed Assets</u>				
Buildings	\$ 104,365	\$ ---	\$ ---	\$ 104,365
Vehicles	34,735	---	---	34,735
Equipment	17,807	---	---	17,807
Totals	\$ 156,907	\$ ---	\$ ---	\$ 156,907

	Balance 12/31/98	Additions	Disposals	Balance 12/31/99
<u>Proprietary Fund Fixed Assets</u>				
Water Distribution System	\$ 973,910	\$ ---	\$ ---	\$ 973,910
Wastewater System	1,748,521	---	---	1,748,521
Airport Improvements	168,400	12,000	---	180,400
Construction in Progress	5,826,126	2,128,209	---	7,954,335
Land	20,600	154,764	(154,764)	20,600
Total	8,737,557	2,294,973	(154,764)	10,877,766
Less Accumulated Depreciation	(1,033,677)	(74,716)	---	(1,108,393)
Net Property and Equipment	\$ 7,703,880	\$ 2,220,257	\$ (154,764)	\$ 9,769,373

NOTE 7 - CAPITAL OUTLAY

In order to enhance the local economy, the Town has made property available for the construction of a Federal Prison. Certain infrastructure improvements are needed to make the prison site suitable for its intended purpose. Funding for the additional infrastructure has been appropriated by the State Legislature. The following projects have been included in the State's Capital Outlay Program:

Planning for water supply and sewage treatment disposal for the U.S. Correctional Complex	\$ 565,000
Construction of water supply and sewage treatment disposal facilities to serve the U.S. Correctional Complex	3,000,000
Construction of access roads for the U.S. Correctional Complex	3,180,000
Total Funding	\$ 6,745,000

Amounts which have been expended from the previously described funds are summarized as follows:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

	<u>Current</u> <u>Expenditures</u>	<u>Previous</u> <u>Expenditures</u>	<u>Total</u>
Water Supply and Sewage Treatment:			
Planning	\$ ---	\$ 565,000	\$ 565,000
Construction	---	2,984,432	2,984,432
Construction of Access Roads	---	2,297,294	2,297,294
Total Capital Outlay Expenditures	\$ ---	\$ 5,846,726	\$ 5,846,726

NOTE 8 - CONTRIBUTED CAPITAL

An analysis of the Town's contributed capital account is presented as follows:

Beginning Balance	\$ 7,232,121
Release of Restrictions on Land Use (Note 15)	154,764
Depreciation on Improvements Financed with Contributed Capital	(53,246)
Ending Balance	\$ 7,333,639

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risk described above by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance coverage. Settled claims resulting from these insured risk have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 - PENSION PLAN

The Chief of Police is the only employee eligible for retirement benefits. The Chief of Police is a member of the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to this plan is presented as follows:

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after 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 their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

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, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is 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, 1999, 1998, and 1997 were equal to the required contributions for each year.

NOTE 11 - INTERGOVERNMENTAL AGREEMENT

The Town operates a municipal airport on property that was originally donated by the Federal Government. Since the property was provided by Federal sources, the Federal government retains a degree of oversight responsibility. In the course of exercising its oversight responsibility, the Federal Aviation Administration (FAA) has determined that certain funds generated by the Airport property were used for inappropriate purposes.

In response to the findings described above, the Town has entered into a repayment agreement with the FAA. The agreement, which was accepted by the FAA on November 11, 1987 requires the general fund to repay a total of \$350,899 to the Municipal Airport Enterprise Fund. Under the terms of the repayment agreement, the general fund is required to execute \$2,000 installments on an annual basis. In addition, the general fund will receive credit for the following in-kind services provided on behalf of the Airport.

- Twenty-four percent (24%) of the Town Clerk's salary.
- An annual allowance of \$600 for the Town Clerk's office expense.
- Twenty-six percent (26%) of the Police Chief's salary.
- An annual allowance of \$900 for the Police Chief's vehicle expense.

The amount currently payable by the general fund to the municipal airport enterprise fund is presented as an advance in the accompanying financial statements. The amount presented in the accompanying financial statements was computed as follows:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

Original Balance – November 11, 1987	\$ 350,899
In-kind payments for the year ended:	
December 31, 1995	9,274
December 31, 1996	9,924
December 31, 1997	10,416
December 31, 1998	10,548
December 31, 1999	11,703
Cash Payments for years 1995 – 1999	10,000
Balance – December 31, 1998 (See Note 15)	\$ 289,034

NOTE 12 - RESTRICTED RESOURCES

Restrictions imposed by various laws, regulations, contracts and grants are summarized as follows:

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

The Town 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.

Funds provided by an Urban Development Action Grant (UDAG) were used to establish an economic development loan. Restrictions imposed by the grantor require amounts collected from the borrower to be used for further economic development projects.

Resources provided by the State's Capital Outlay Program are available only to complete the projects described in Note 7.

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

	Economic Development <u>Loan Fund</u>	Capital Outlay Fund	<u>Total</u>
<u>Capital Projects Funds</u>			
Restricted Cash	\$ 119,911	\$ —	\$ 119,911
Liabilities Payable from Restricted			
Assets	---	---	---
Fund Balance Reserved for Economic Development	\$ 119,911	\$ —	\$ 119,911

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

<u>Enterprise Funds</u>	Utility Funds (Water & Sewer)	Municipal <u>Airport</u>	<u>Total</u>
Cash	\$ 73,200	\$ 40,514	\$ 113,714
Interfund Receivables	2,948	—	2,948
Advances to Other Funds	—	443,798	443,798
Total Restricted Assets	76,148	484,312	560,460
Liabilities Payable from Restricted Assets	—	—	—
Total Restricted Retained Earnings	\$ 76,148	\$ 484,312	\$ 560,460

NOTE 13 – CONTINGENCIES

Litigation

The Town is currently named as a defendant in a legal matter regarding traffic tickets issued by the municipal police department. Traffic tickets being addressed by the litigation were issued in an area that was determined to be outside of the Town's boundaries. The defendant has petitioned the court for a refund of all fines paid in connection with tickets issued outside of the Town's boundaries. Fines collected by the Town in connection with tickets of this nature total approximately \$80,000.

At the present time, it is impossible to determine the potential outcome of the pending litigation. Insurance coverage is available for the purpose of funding the Town's legal defense and paying any punitive damages that may be awarded by the courts; however, if the plaintiff prevails, the Town will be responsible for repaying fines.

Disputed Claims

The State of Louisiana Department of Transportation and Development has asserted that the Town has outstanding debt of \$35,297 for relocation of utilities that occurred in conjunction with a highway project. Since this work occurred more than ten years ago, management has been unable to ascertain whether this is a valid obligation.

Utility Relocation

The State of Louisiana is currently planning to improve U. S. Highway 165. If the improvements ultimately follow the proposed route, the Town will be required to relocate portions of its utility system that are located in the existing highway right of way. The timing and cost of the utility relocation cannot presently be determined.

NOTE 14 – 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 to the development of a federal prison facility. Effort devoted to attracting a federal prison to the area have been successful and the

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

facility is currently under construction. The Town's activities associated with this project are summarized as follows:

Prison Site

Specifications for the prison facility require a site consisting of approximately 400 acres. Property owned by the Town was determined to be a suitable site; however, the property was encumbered by deed restrictions which were imposed by the Federal Aviation Administration. According to the terms of the deed restriction, the Town was required to use the property for the exclusive benefit of its Municipal Airport.

In order to make the Town's property available for a prison site it was necessary to negotiate a release from the deed restriction. As consideration for the release of the deed restriction, the FAA required compensation for Town's Municipal Airport. The Town agreed to provide compensation by transferring funds from the Industrial Utility System to the Municipal Airport. Under the terms of this arrangement, funds are 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.

Based on the present value of the compensation payable to Municipal Airport, the cost of the Industrial 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. Transactions recorded by the Town in connection with the prison site are summarized as follows:

Municipal Airport

- The FAA released the deed restriction for the benefit of the Municipal Airport. Accordingly, the Municipal Airport record the transaction as an acquisition of the prison site and a capital contribution from the FAA.
- The prison site acquired through the transaction described above was transferred to the Industrial Utility System in exchange for a commitment to complete annual cash transfers with a present value of \$154,764. The right to receive the annual payments was recorded as an advance receivable.

Industrial Utility System

- The Industrial Utility System acquired the prison site from the Municipal Airport in exchange for a commitment to complete annual cash transfers with a present value of \$154,764. The commitment to complete the annual cash transfers was reported as an advance payable.
- In order to secure the economic benefits that will be provided by the federal prison facility, the Town transferred ownership of the prison site to the Federal Bureau of Prisons. Accordingly, the Industrial Utility System reported an a expense in the amount of \$154,764.

Utility Service Commitment

The Town has entered into an agreement to provide water and sewer service for a the federal prison facility. In order to fulfill this commitment, the Town is currently constructing a new water system and sewer system, which are collectively referred to as the Industrial Utility System. Funding for a portion of new utility infrastructure will be provided by a tap fee in the amount of

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

\$1,000,000 that was collected from the Bureau of Prisons during 1999. Funding for the remaining improvements is being provided by the capital outlay project described in Note 7 and by issuing revenue bonds.

The Town's obligation under this construction project is summarized as follows:

Obligation under construction contracts	\$ 3,858,605
Construction costs recognized to date	2,118,586
Remaining commitment	1,740,019
Grant proceeds available from funding agency	652,000
Net commitment	1,088,019

Revenue earned from providing services to the Bureau of Prisons will be used to operate the Industrial Utility System and service debt incurred in connection with construction of the system. Furthermore, income from the Industrial Utility System will provide a source of funds for compensating the Municipal Airport for land that was included in the prison site.

Access Road Commitment

In order to provide access needed in order to operate the federal prison facility, the Town has agreed to construct a suitable access road. Funding for the access road is provided by the capital outlay project described in Note 7. The access road is expected to cost approximately \$3,100,000.

NOTE 15 – ADVANCES

As discussed previously, the Municipal Airport Fund is entitled to collect certain advances from other funds. The nature of these advances and the current balances are described in the following manner:

	Advances Receivable (Payable)		
	Municipal Airport Fund	General Fund	Industrial Utility Fund
The Municipal Airport Fund has provided advances to the General Fund. As discussed in Note 11, the original balance of \$350,899 is being eliminated through a formal repayment plan	\$ 289,034	\$ (289,034)	\$ ----
As discussed in Note 14, the Municipal Airport is entitled to receive compensation in exchange for land provided to accommodate a federal prison facility. The original balance of \$154,764 is payable in ten installments of \$19,800, which include interest computed at a rate of 4.75%	154,764	----	(154,764)
	\$ 443,798	\$ (289,034)	\$ (154,764)

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

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February 15, 2000

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Pollock, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Town of Pollock's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Pollock's management. Our responsibility is to express an opinion on the Town of Pollock's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Pollock's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Pollock's compliance with those requirements.

In our opinion, the Town of Pollock, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control over Compliance

The management of the Town of Pollock, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Pollock's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF POLLOCK, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1999

FEDERAL GRANTOR / Pass-through Grantor / Program Title	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE - Rural Utilities Service Direct Program - Water Programs Systems for Rural Communities	10.760	<u>781,800</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for Governmental Units. See notes to the accompanying financial statements for further details.

TOWN OF POLLOCK
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1999

TOWN OF POLLOCK, LOUISIANA
CAPITAL PROJECTS FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1999

	<u>ECONOMIC DEVELOPMENT LOAN FUND</u>	<u>CAPITAL OUTLAY FUND</u>	<u>GENERAL CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>REVENUES:</u>				
Intergovernmental:				
State capital outlay	\$ -	\$ -	\$ -	\$ -
Use of money and property	4,362	-	2,485	6,847
Other	-	-	-	-
	4,362	-	2,485	6,847
Total revenues	4,362	-	2,485	6,847
 <u>EXPENDITURES:</u>				
General government	3,159	253	-	3,412
Public works	-	-	-	-
	3,159	253	-	3,412
Total expenditures	3,159	253	-	3,412
Excess (deficiency) of revenues over expenditures	1,203	(253)	2,485	3,435
 <u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in	-	-	100,000	100,000
Operating transfers out	-	(24)	(2,485)	(2,509)
	-	(24)	(2,485)	(2,509)
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,203	(277)	100,000	100,926
Fund balance (deficit) - beginning of year	118,708	277	-	118,985
Fund balance (deficit) - end of year	\$ 119,911	\$ -	\$ 100,000	\$ 219,911

TOWN OF POLLOCK, LOUISIANA
PROPRIETARY FUNDS
Combining Schedule of Revenues and Expenses
For the Year Ended December 31, 1999

	WATERWORKS ENTERPRISE FUND	SEWER SYSTEM ENTERPRISE FUND	MUNICIPAL AIRPORT ENTERPRISE FUND	INDUSTRIAL UTILITY FUND	TOTAL
<u>OPERATING REVENUES:</u>					
Water sales	\$ 76,245	\$ -	\$ -	\$ 140,895	\$ 217,140
Sewer services	-	37,832	-	17,560	55,392
Tap fee	-	-	-	1,000,000	1,000,000
Other	6,226	385	12,945	540	20,096
Total operating revenues	82,471	38,217	12,945	1,158,995	1,292,628
<u>OPERATING EXPENSES:</u>					
Depreciation	25,424	44,482	4,810	-	74,716
Fuel purchases	-	-	4,939	-	4,939
Insurance	877	1,939	-	4,794	7,610
Legal and professional	4,630	485	105	462	5,682
Miscellaneous	9,468	5,048	1,046	948	16,510
Office expense	1,063	-	-	103	1,166
Payroll taxes and benefits	3,028	1,947	-	990	5,965
Repairs and maintenance	9,209	8,612	1,473	164	19,458
Salaries and wages	14,692	14,623	-	12,321	41,636
Utilities and telephone	4,595	4,688	-	642	9,925
Total operating expenses	72,986	81,824	12,373	20,424	187,607
Operating income (loss)	9,485	(43,607)	572	1,138,571	1,105,021
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Ad valorem taxes	4,634	-	-	-	4,634
Interest income	772	-	880	14,934	16,586
Interest expense	(18,512)	(7,787)	-	-	(26,299)
Land donated for prison site	-	-	-	(154,764)	(154,764)
Other	-	-	-	-	-
Net income (loss) before operating transfers	(3,621)	(51,394)	1,452	998,741	945,178
Operating transfers in (out)	1,060	13,577	(11,703)	(109,838)	(106,904)
Net Income (loss)	\$ (2,561)	\$ (37,817)	\$ (10,251)	\$ 888,903	\$ 838,274

TOWN OF POLLOCK, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the year ended December 31, 1999

Eugene Mayeaux, Mayor	\$ 8,000
Chuck Butterfield, Alderman	2,225
Jerome F. Scott, Alderman	2,225
Edith C. Willis, Alderwoman	2,225
Reda S. Till, Alderwoman	2,225
Warren D. Willett, Alderman	<u>2,175</u>
 Total Compensation	 <u><u>\$ 19,075</u></u>

TOWN OF POLLOCK
 SCHEDULE OF PRIOR YEAR FINDINGS

SECTION I - INTERNAL CONTROLS AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
98-1, Budgeting: State law requires the general fund to have a budget. In addition, expenditures that exceed the budgeted amount by more than five percent are prohibited. For the year ended December 31, 1998, general fund expenditures exceeded the budget by an amount that exceeds the margin allowed by state law.	Resolved: Current budget variances were within the limits permitted by state law.
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
There were no prior year findings in this area.	Not applicable.
SECTION III - MANAGEMENT LETTER	
There was no management letter issued with the previous audit.	Not applicable.

TOWN OF POLLOCK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

We were engaged to audit the financial statements of the Town of Pollock as of and for the year ended December 31, 1999, and have issued our report thereon dated February 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expressed an unqualified opinion on the Town's financial statements for the year ended December 31, 1999.

Section I -- Summary of Auditors' Results:

- The Independent Auditors; Report on the financial statements for the Town of Pollock as of December 31, 1999 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed no reportable conditions that are considered to be material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the general purpose financial statements of the Town of Pollock.
- The Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance with OMB Circular A-133 expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported under Section 510 of Circular A-133.
- Major programs for the year ended December 31, 1999 are presented as follows:

10.760 Water Programs Systems for Rural Communities

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of Pollock was not considered to be a low risk auditee as defined by the OMB Circular a-133.

Part II – Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- None.

Part III – Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

TOWN OF POLLOCK
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1999

SECTION I – INTERNAL CONTROLS AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<u>Finding:</u> There are no current year findings in this area.	<u>Response:</u> Not applicable.
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>Finding:</u> There are no current year findings in this area.	<u>Response:</u> Not applicable.
SECTION III – MANAGEMENT LETTER	
<u>Finding:</u> There is no management letter issued with this report.	<u>Response:</u> Not applicable.