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TOWN OF POLLOCK, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-31-96

**ROZIER, HARRINGTON & McKAY**  
CERTIFIED PUBLIC ACCOUNTANTS

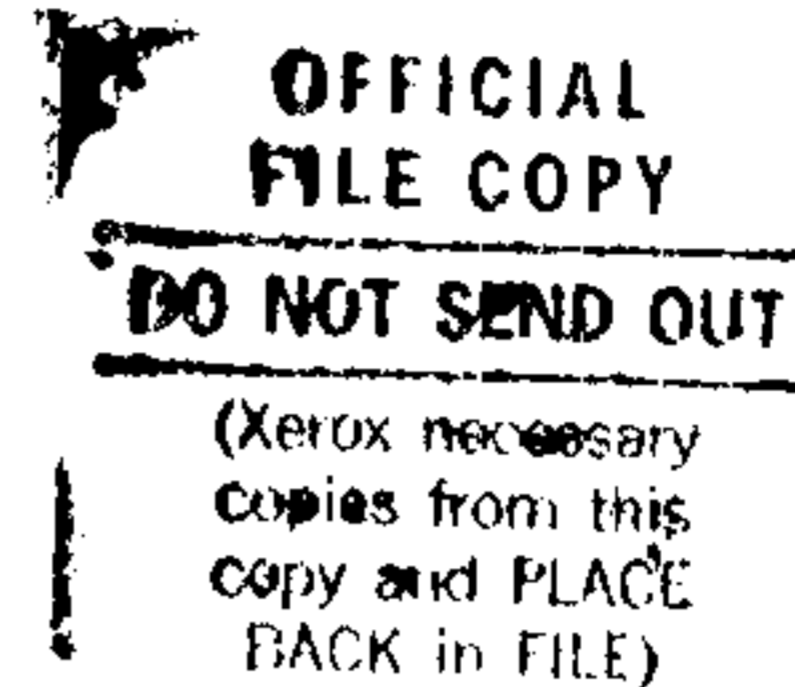
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May 20, 1996

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

In planning and performing our audit of the financial statements of the Town of Pollock, for the year ended December 31, 1995, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are provided as follows:

**ECONOMIC DEVELOPMENT LOAN::**

The Town has loaned approximately \$135,240 to the Woods Haven Senior Citizens Home, Inc. (the Company). Security for the loan is provided by a second mortgage on the facility dated October 20, 1980. Further security is provided by a personal guarantee from the Company's president.

Due to the inadequate nature of financial records available from previous years, management cannot ascertain the loan balance at December 31, 1995. Without an accurate loan balance, management has no means of determining whether future collections are sufficient to eliminate the debt. As an initial effort toward resolving this matter, we recommend requesting documentation from the Company that will establish the amount and timing of previous loan payments. Furthermore, since the loan involves complex payment terms and legal issues, the Town's legal council should be involved in any negotiation with the Company.

**AIRPORT REPAYMENT PLAN:**

The Town entered into an agreement with the Federal Aviation Administration (FAA) that was accepted on November 6, 1987. The intended purpose of this agreement was to restore certain funds that were expended from the Municipal Airport Enterprise Fund. Under the terms of the agreement, the General Fund is required to repay a total of \$350,899 to the Municipal Airport Enterprise Fund. The repayment agreement requires annual cash payments of \$2,000 plus various in-kind payments.

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Due to the inadequate nature of financial records maintained during previous years, management cannot accurately determine the current balance for the General Fund's obligation to the Municipal Airport Enterprise Fund. In order to resolve this situation, we recommend contacting the FAA to discuss updating the repayment agreement. Until a revised agreement can be established, we also recommend that the Town begin making the annual cash payment required by the existing agreement.

#### **DEDICATED AD VALOREM TAXES:**

Public improvement bonds were issued to finance construction of the Waterworks System. The public improvement bonds are secured by a special ad valorem tax which is dedicated to payment of principal and interest associated with the bonds. Since collections from the ad valorem tax are legally restricted for a specific use, the tax proceeds should be segregated from the Town's remaining funds.

In order to comply with restrictions imposed on the special ad valorem tax, we recommend depositing all proceeds from the tax in a separate bank account. Disbursements from this special account should be limited to debt service attributable to the Town's public improvement bonds.

#### **PLEGGED SECURITIES:**

State Law requires public deposits to be protected Federal Deposit Insurance or securities pledged by the depository institution. At December 31, 1995, deposits exceed coverage available from the Federal Deposit Insurance Corporation; however, no pledged securities were available to protect the uninsured deposits. In order to prevent future violations of this nature, we recommend requiring the Town's fiscal agent to pledge securities in the manner required by State Law.

#### **UNEMPLOYMENT CONTRIBUTIONS:**

Contributions to the State's employment security fund are provided for each of the Town's employees. Required contributions should be computed by applying an assigned rate to a specific portion of each employees wages; however, during the year ended December 31 1995, contributions were computed by applying the assigned rate to all of the employees contributions..

The Town has filed the documents necessary to receive a refund of excess contributions. In the future, we recommend limiting contributions to the required amount.

We will be available at your convenience to discuss our comments and suggestions in greater detail. Our firm will also be available to assist in implementing these recommendations.

Sincerely,  
*Royce Harrington + McKay*  
ROZIER, HARRINGTON & McKAY,  
Certified Public Accountants

*Mark McKay*  
MARK S. McKAY  
Partner

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May 20, 1996

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, 1995 and for the year then ended. 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.

As discussed in Note 11, the Town is obligated to repay advances received by the General Fund from the Town's Municipal Airport Enterprise Fund. Due to inadequate accounting records, we were unable to form an opinion regarding the advances reported at \$341,625 in the accompanying financial statements.

As discussed in Note 12, the Town has provided loans to induce economic development. Due to an absence records regarding payments collected by the Town, we could not form an opinion with respect to the outstanding economic development loan balance reported at \$60,246 in the accompanying financial statements.

-Members-

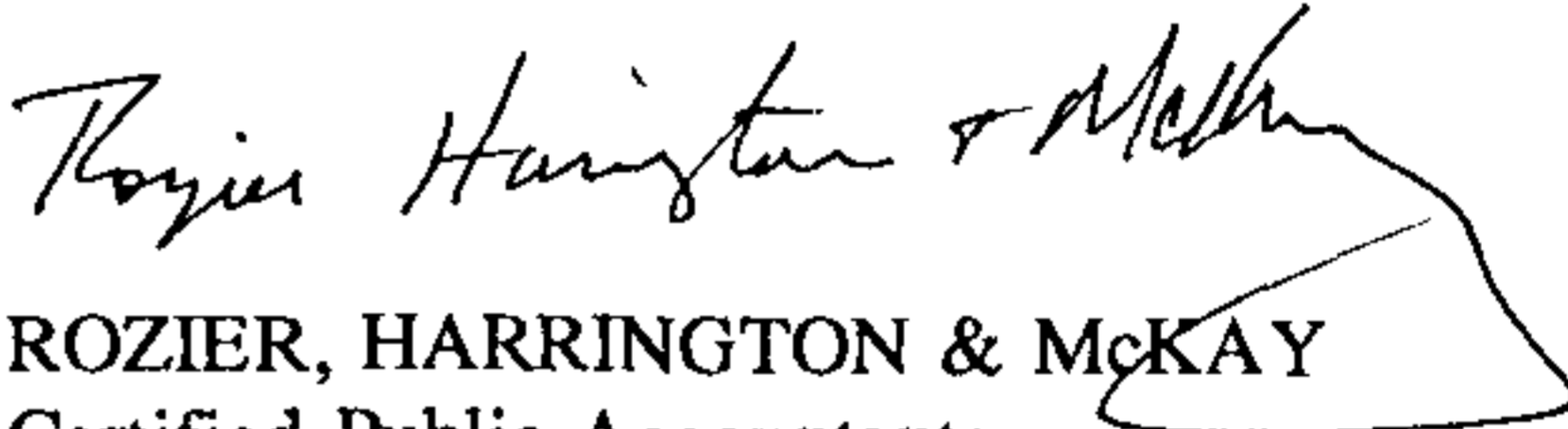
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To the Mayor and Board of Aldermen  
Town of Pollock, Louisiana  
May 20, 1996  
Page 2

In our opinion, except for the effect of such adjustments, if any, that might have been determined to be necessary had prior year records described in the previous paragraphs been adequate, 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, 1995, 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 May 20, 1996, on our consideration of the Town's internal control structure and a report dated May 20, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and the schedule of per diem paid to Board members listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Pollock. Such information has 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.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

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May 20, 1996

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE OF THE TOWN OF POLLOCK, LOUISIANA

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

We have audited the financial statements of the Town of Pollock, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 20, 1996.

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 assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Town of Pollock, Louisiana for the year ended December 31, 1995, we considered its internal control structure 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 structure.

The management of the Town of Pollock, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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In planning and performing our audit of the financial statements of the Town of Pollock, Louisiana, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations 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 structure and its operations that we consider to be material weaknesses as defined above.

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

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May 20, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

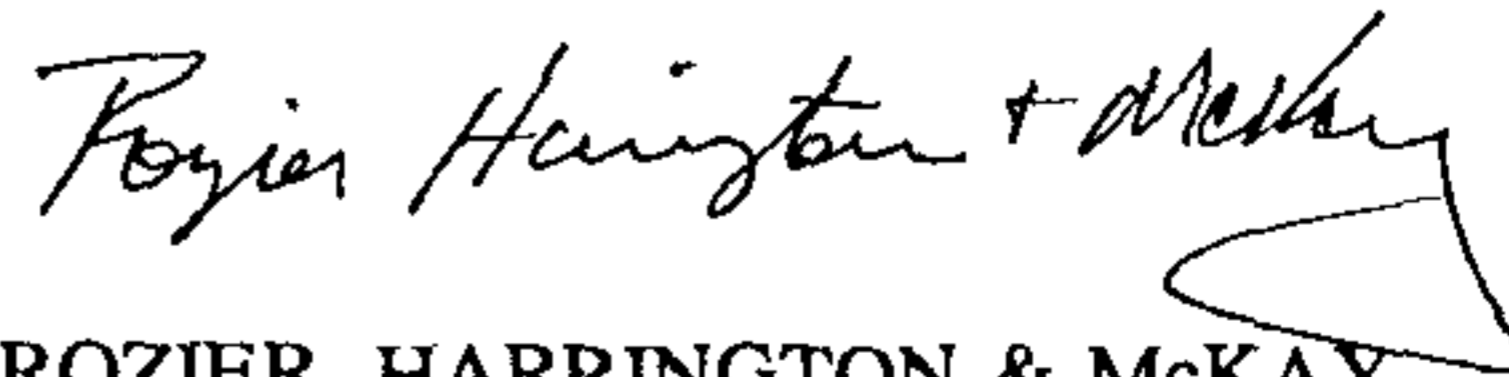
We have audited the general purpose financial statements of the Town of Pollock, Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated May 20, 1996.

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 assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Pollock, Louisiana is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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

-Members-

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TOWN OF POLLOCK, LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS  
Combined Balance sheet  
December 31, 1995

	GOVERNMENTAL FUNDS		PROPRIETARY FUND - ENTERPRISE	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	CAPITAL PROJECTS FUNDS			
<b>ASSETS</b>					
Cash	\$ 6,296	\$ -	\$ 29,609	\$ -	\$ 35,905
Receivables	6,680	-	15,769	-	22,449
Interfund Receivable	-	-	116	-	116
Restricted assets:					
Cash	-	138,605	47,972	-	186,577
Receivables	-	54,489	2,161	-	56,650
Economic development loan	-	60,246	-	-	60,246
Advances to other funds	-	-	341,625	-	341,625
Land, buildings and equipment (net of accumulated depreciation)	-	-	2,527,653	86,800	2,614,453
<b>Total assets</b>	<b>\$ 12,976</b>	<b>\$ 253,340</b>	<b>\$ 2,964,905</b>	<b>\$ 86,800</b>	<b>\$ 3,318,021</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts and other payables	\$ 4,201	\$ -	\$ 606	\$ -	\$ 4,807
Payable from restricted assets	-	138,270	8,373	-	146,643
Interfund payables	116	-	-	-	116
Advances from other funds	341,625	-	-	-	341,625
Deposits due others	-	-	15,465	-	15,465
General obligation bonds payable	-	-	30,000	-	30,000
Revenue bonds payable	-	-	519,402	-	519,402
Other liabilities	-	-	157	-	157
<b>Total liabilities</b>	<b>\$ 345,942</b>	<b>\$ 138,270</b>	<b>\$ 574,003</b>	<b>\$ -</b>	<b>\$ 1,058,215</b>

TOWN OF POLLOCK, LOUISIANA  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 Combined Balance sheet  
 December 31, 1995

	GOVERNMENTAL FUNDS			PROPRIETARY FUND - ENTERPRISE	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	CAPITAL PROJECTS FUNDS				
<b>EQUITY:</b>						
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ 86,800	\$ 86,800	\$ 86,800
Contributed capital	-	-	2,001,798	-	2,001,798	2,001,798
Retained Earnings:						
Reserved by bond covenants	-	-	16,425	-	16,425	16,425
Reserved for airport operations	-	-	383,385	-	383,385	383,385
Unreserved	-	-	(10,706)	-	(10,706)	(10,706)
Fund Balances:						
Reserved for economic development	-	115,070	-	-	115,070	115,070
Unreserved	(332,966)	-	-	-	(332,966)	(332,966)
<b>Total equity</b>	<b>(332,966)</b>	<b>115,070</b>	<b>2,390,902</b>	<b>86,800</b>	<b>2,259,806</b>	<b>2,259,806</b>
<b>Total liabilities and equity</b>	<b>\$ 12,976</b>	<b>\$ 253,340</b>	<b>\$ 2,964,905</b>	<b>\$ 86,800</b>	<b>\$ 3,318,021</b>	<b>\$ 3,318,021</b>

**TOWN OF POLLOCK, LOUISIANA**  
**GOVERNMENTAL FUNDS**  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balance  
 For the Year Ended December 31, 1995

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>TOTAL (MEMORANDUM ONLY)</b>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem	\$ 6,704	\$ -	\$ 6,704
Sales	26,562	-	26,562
Other	7,458	-	7,458
Licenses and permits	17,137	-	17,137
Intergovernmental:	-	-	-
State capital outlay	-	401,351	401,351
Other state funds	1,339	-	1,339
Fines and forfeitures	22,489	-	22,489
Use of money and property	-	18,098	18,098
Other	1,825	1,799	3,624
<b>Total revenues</b>	<b>83,514</b>	<b>421,248</b>	<b>504,762</b>
<b><u>EXPENDITURES:</u></b>			
General government	49,473	180	49,653
Public safety	31,503	-	31,503
Public works	-	401,377	401,377
Health and welfare	-	7,577	7,577
Sanitation	4,297	-	4,297
<b>Total expenditures</b>	<b>85,273</b>	<b>409,134</b>	<b>494,407</b>
<b>Excess (deficiency) of Revenues over expenditures</b>	<b>(1,759)</b>	<b>12,114</b>	<b>10,355</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	10,774	26	10,800
Operating transfers out	(1,256)	-	(1,256)
<b>Excess (deficiency) of Revenues and other sources over expenditures and other uses</b>	<b>7,759</b>	<b>12,140</b>	<b>19,899</b>
<b>Fund balance (deficit) - beginning of year</b>	<b>(340,725)</b>	<b>102,930</b>	<b>(237,795)</b>
<b>Fund balance (deficit) - end of year</b>	<b>\$ (332,966)</b>	<b>\$ 115,070</b>	<b>\$ (217,896)</b>

**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, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem	\$ 9,765	\$ 6,704	\$ (3,061)
Sales	27,000	26,562	(438)
Other	8,000	7,458	(542)
Licenses and permits	17,000	17,137	137
Intergovernmental:			
Other state funds	2,400	1,339	(1,061)
Fines and forfeitures	20,000	22,489	2,489
Other	1,900	1,825	(75)
<b>Total revenues</b>	<u>86,065</u>	<u>83,514</u>	<u>(2,551)</u>
<b><u>EXPENDITURES:</u></b>			
General government	53,605	49,473	4,132
Public safety	27,240	31,503	(4,263)
Sanitation	4,245	4,297	(52)
<b>Total expenditures</b>	<u>85,090</u>	<u>85,273</u>	<u>(183)</u>
<b>Excess (deficiency) of Revenues over expenditures</b>	975	(1,759)	(2,734)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	-	10,774	10,774
Operating transfers out	-	(1,256)	(1,256)
<b>Excess (deficiency) of Revenues and other sources over expenditures and other uses</b>	975	7,759	6,784
<b>Fund balance (deficit) - beginning of year</b>	<u>(340,725)</u>	<u>(340,725)</u>	<u>-</u>
<b>Fund balance (deficit) - end of year</b>	<u>\$ (339,750)</u>	<u>\$ (332,966)</u>	<u>\$ 6,784</u>

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, 1995

**PROPRIETARY FUNDS**  
**ENTERPRISE**  
**FUNDS**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating income	\$ (24,881)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	74,989
(Increase) decrease in receivables	2,362
Increase (decrease) in accounts and other payables	217
Increase (decrease) in amounts payable from restricted assets	8,373
Increase (decrease) in deposits due others	1,267
	<u>62,327</u>
<b>Net cash provided (used) by operating activities</b>	<u>62,327</u>

**CASH FLOW FROM NON-CAPITAL FINANCING  
ACTIVITIES:**

(Increase) decrease in interfund receivables	944
(Increase) decrease in advances to other funds	9,274
Ad Valorem tax receipts	3,771
Timber sales	31,460
Operating transfers in (out)	(9,544)
	<u>35,905</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u>35,905</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES:**

Interest paid on general obligations and revenue bonds	(43,622)
Principal paid on general obligation bonds	(1,000)
Proceeds from reamortization of revenue bond debt	28,727
Principal paid on revenue bonds	(26,656)
	<u>(42,551)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(42,551)</u>
<b>Net increase (decrease) in cash</b>	55,681
<b>Beginning cash balance</b>	<u>21,900</u>
<b>Ending cash balance</b>	<u><u>\$ 77,581</u></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

For the year ended December 31, 1995 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1995

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 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, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

<u>Enterprise Funds</u>	Utility Funds (Water & Sewer)	Municipal Airport	<u>Total</u>
Cash	\$ 14,264	\$ 33,708	\$ 47,972
Receivables	2,161		2,161
Advances to Other Funds	<u>          </u>	<u>341,625</u>	<u>341,625</u>
Total Restricted Assets	16,425	375,333	391,758
Liabilities Payable from Restricted Assets	<u>          </u>	<u>8,373</u>	<u>8,373</u>
Retained Earnings:			
Reserved per bond covenants	16,425		16,425
Reserved for Airport Operations	<u>          </u>	<u>366,960</u>	<u>366,960</u>
Total Restricted Retained Earnings	<u>\$ 16,425</u>	<u>\$366,960</u>	<u>\$383,385</u>

**TOWN OF POLLOCK**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

**TOWN OF POLLOCK, LOUISIANA**  
**CAPITAL PROJECTS FUNDS**  
Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 1995

	<b><u>ECONOMIC DEVELOPMENT LOAN FUND</u></b>	<b><u>CAPITAL OUTLAY FUND</u></b>	<b><u>TOTAL</u></b>
<b><u>REVENUES:</u></b>			
Intergovernmental:			
State capital outlay	\$ -	\$ 401,351	\$ 401,351
Use of money and property	18,098	-	18,098
Other	1,799	-	1,799
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>19,897</b>	<b>401,351</b>	<b>421,248</b>
	<hr/>	<hr/>	<hr/>
<b><u>EXPENDITURES:</u></b>			
General government	180	-	180
Public works	-	401,377	401,377
Health and welfare	7,577	-	7,577
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>7,757</b>	<b>401,377</b>	<b>409,134</b>
	<hr/>	<hr/>	<hr/>
<b>Excess (deficiency) of Revenues     over expenditures</b>	<b>12,140</b>	<b>(26)</b>	<b>12,114</b>
	<hr/>	<hr/>	<hr/>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	-	26	26
	<hr/>	<hr/>	<hr/>
<b>Excess (deficiency) of Revenues and     other sources over expenditures     and other uses</b>	<b>12,140</b>	<b>-</b>	<b>12,140</b>
	<hr/>	<hr/>	<hr/>
<b>Fund balance (deficit) - beginning of year</b>	<b>102,930</b>	<b>-</b>	<b>102,930</b>
	<hr/>	<hr/>	<hr/>
<b>Fund balance (deficit) - end of year</b>	<b>\$ 115,070</b>	<b>\$ -</b>	<b>\$ 115,070</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**TOWN OF POLLOCK, LOUISIANA**  
**PROPRIETARY FUNDS**  
Combining Schedule of Revenues and Expenses  
For the Year Ended December 31, 1995

	<b>WATERWORKS ENTERPRISE FUND</b>	<b>SEWER SYSTEM ENTERPRISE FUND</b>	<b>MUNICIPAL AIRPORT ENTERPRISE FUND</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>				
Water sales	\$ 69,345	\$ -	\$ -	\$ 69,345
Sewer sales	-	36,241	-	36,241
Hanger Rent	-	-	4,945	4,945
Aviation fuel sales	-	-	8,107	8,107
Other	5,042	2,114	210	7,366
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total operating revenues</b>	<b>74,387</b>	<b>38,355</b>	<b>13,262</b>	<b>126,004</b>
 <b><u>OPERATING EXPENSES:</u></b>				
Aviation fuel purchased	-	-	5,274	5,274
Depreciation	25,163	45,616	4,210	74,989
Insurance	1,378	1,378	3,850	6,606
Legal and professional	300	-	8,687	8,987
Miscellaneous	1,657	322	1,047	3,026
Office expense	2,416	-	-	2,416
Payroll taxes and benefits	1,139	1,139	121	2,399
Repairs and Maintenance	4,794	8,313	1,158	14,265
Salaries and wages	9,876	9,876	1,050	20,802
Utilities and telephone	5,123	3,044	3,954	12,121
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total operating expenses</b>	<b>51,846</b>	<b>69,688</b>	<b>29,351</b>	<b>150,885</b>
<b>Operating income (loss)</b>	<b>22,541</b>	<b>(31,333)</b>	<b>(16,089)</b>	<b>(24,881)</b>
 <b><u>NONOPERATING REVENUES (EXPENSES):</u></b>				
Ad valorem taxes	3,771	-	-	3,771
Interest expense	(21,101)	(9,358)	-	(30,459)
Timber sales	-	-	31,460	31,460
Operating transfers in (out)	(1,500)	1,230	(9,274)	(9,544)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net income (loss)</b>	<b>\$ 3,711</b>	<b>\$ (39,461)</b>	<b>\$ 6,097</b>	<b>\$ (29,653)</b>

**TOWN OF POLLOCK, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS**  
For the year ended December 31, 1995

Eugene Mayeaux, Mayor	\$ 1,600
Chuck Butterfield, Alderman	600
Randy Browning, Alderman	600
Connie Holden, Alderman	600
Merek Marcantel, Alderman	600
Sharon Wilson, Alderman	600
	<hr/>
Total Compensation	<u><u>\$ 4,600</u></u>

TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 1995

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. For the year ended December 31, 1995, there was no activity in this account group and accordingly the accompanying financial statements do not include such an account group.

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.

TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 1995

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.

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.

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.

General fixed assets are reported at historical costs. 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. 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, cost were estimated based on research performed by the Town's consulting engineers.

TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 1995

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.

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 eliminations have not been made in the aggregation of this data.

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.

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.



TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 1995

NOTE 2 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTAL UNITS

At December 31, 1995, amounts to be collected by the Town are as follows:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Total (Memorandum Only)</u>
<b>ACCOUNTS RECEIVABLE</b>				
Utility Accounts	\$	\$	\$ 15,769	\$ 15,769
Ad Valorem Taxes	3,842		2,161	6,003
Franchise Taxes	1,183			1,183
Sales Taxes	<u>1,655</u>			<u>1,655</u>
Total	\$ 6,680	\$	\$ 17,930	\$ 24,610
 <b>DUE FROM OTHER GOVERNMENTAL UNITS (STATE OF LOUISIANA)</b>				
Capital Outlay	\$	\$54,489	\$	\$ 54,489
Total Receivable	6,680	54,489	17,930	79,099
Restricted Portion		<u>54,489</u>	<u>2,161</u>	<u>56,650</u>
Unrestricted Portion	<u>\$ 6,680</u>	<u>\$</u>	<u>\$ 15,769</u>	<u>\$ 22,449</u>

At December 31, 1995 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, 1995 the Town's cash balance totaled \$222,482 (book balance) and \$277,877 (bank balance). The composition of these accounts is as follows:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Total (Memorandum Only)</u>
Cash	\$ 6,296	\$	\$ 19,527	\$ 25,823
Restricted Cash	<u>          </u>	<u>138,605</u>	<u>58,054</u>	<u>196,659</u>
Total Cash	<u>\$ 6,296</u>	<u>\$138,605</u>	<u>\$ 77,581</u>	<u>\$222,482</u>

At December 31, 1995, the Bank balance of \$277,877 exceed available FDIC coverage by approximately \$82,173. Furthermore, since the Town's fiscal agent has not pledged securities, the uninsured portion is considered unsecured.

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

NOTE 4 - LONG-TERM DEBT

The following is a summary of bond transactions for the year ended December 31, 1995:

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
Bonds Payable, December 31, 1994	\$ 31,000	\$ 517,330	\$ 548,330
Issued		29,507	29,507
Retired	<u>1,000</u>	<u>27,435</u>	<u>28,435</u>
 Bonds Payable, December 31, 1995	 <u>\$ 30,000</u>	 <u>\$ 519,402</u>	 <u>\$ 549,402</u>

At December 31, 1995, 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.	\$	\$159,000
\$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.	15,000	
\$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.	15,000	
\$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.		190,938
\$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.		17,439

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$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.	\$	\$ 123,298
\$23,215 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1995, due in monthly installments of \$151 including interest of 5%, final installment due December 7, 2015.		22,537
\$6,292 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1995, due in monthly installments of \$44 including interest at 7.375%, final installment due August 7, 2023.		<u>6,190</u>
	<u>\$ 30,000</u>	<u>\$ 519,402</u>

A schedule of maturities of long-term debt follows for the years ended December 31:

	<u>General Obligations</u>	<u>Utility Revenue Bonds</u>	<u>Total</u>
1996	\$ 1,000	\$ 11,291	\$ 12,291
1997	1,000	12,333	13,333
1998	1,000	12,379	13,379
1999	1,000	13,425	14,425
2000	1,000	13,475	14,475
Thereafter	<u>25,000</u>	<u>456,499</u>	<u>481,499</u>
Total	<u>\$ 30,000</u>	<u>\$519,402</u>	<u>\$ 549,402</u>

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, 1995, the Town levied a 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 collectible ad valorem taxes at December 31, 1995.

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

NOTE 6 - PROPERTY AND EQUIPMENT

General fixed assets at December 31, 1995, consisted entirely of land and buildings. Furthermore, there were no additions to or disposals of general fixed assets for the year ended December 31, 1995.

A summary of the property and equipment at December 31, 1995 consists of the following:

	<u>Balance</u> <u>12/31/94</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/95</u>
Water Distribution System	\$ 965,620	\$	\$	\$ 965,620
Wastewater System	1,733,521	15,000		1,748,521
Airport Improvements	168,400			168,400
Construction in Progress	<u>                    </u>	<u>456,064</u>	<u>                    </u>	<u>456,064</u>
Total	2,867,541	471,064		3,338,605
Less Accumulated Depreciation	<u>(735,963)</u>	<u>(74,989)</u>	<u>                    </u>	<u>(810,952)</u>
Net Property and Equipment	<u>\$ 2,131,578</u>	<u>\$ 396,075</u>	<u>\$                    </u>	<u>\$2,527,653</u>

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	<u>3,180,000</u>
Total Funding	<u>\$ 6,745,000</u>

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

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

	<u>Previous Expenditures</u>	<u>Current Expenditures</u>	<u>Total</u>
Water Supply and Sewage Treatment Disposal:			
Planning	\$ 88,355	\$ 367,709	\$ 456,064
Construction			
Construction of Access Roads	_____	<u>33,668</u>	<u>33,668</u>
Total Capital Outlay Expenditures	<u>\$ 88,355</u>	<u>\$ 401,377</u>	<u>\$ 489,732</u>

NOTE 8 - CONTRIBUTED CAPITAL

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

Beginning Balance	\$ 1,677,578
Current Capital Outlay, Water Supply and Sewage Treatment Disposal	367,709
Rural Development Grant	15,000
Depreciation on Improvements Financed With Contributed Capital	<u>(58,489)</u>
Ending Balance	<u>\$ 2,001,798</u>

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. During the year ended December 31, 1995, the Town did not maintain casualty insurance coverage for its utility systems or its municipal buildings and related contents. Claims expenditures resulting from these uninsured risk and the related liabilities are reported when it is probable that a loss has occurred and the amount can be reasonably estimated. However, as of December 31, 1995, no claims have been occurred and there is no liability for unpaid claims.

The Town insures against the remaining risk described above by participating a public entity risk pool that operates as a common insurance program. Settled claims resulting from these insured risk have not exceeded insurance coverage in any of the past three fiscal years.

TOWN OF POLLOCK, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 1995

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 required 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  $3\frac{1}{3}$  percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified 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.

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 (504) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town 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, 1995, 1994, and 1993, 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.

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

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. Due to an absence of records from previous years, the exact amount of the advance cannot presently be determined. The amount presented in the accompanying financial statements was computed as follows:

Original Balance - November 11, 1987	\$ 350,899
In-kind payment for the year ended December 31, 1995	<u>9,274</u>
Balance - December 31, 1995	<u>\$ 341,625</u>

NOTE 12 - ECONOMIC DEVELOPMENT LOAN

In order to promote economic development, the Town applied for and received an Urban Development Action Grant (UDAG) in the amount of \$150,000. A portion of the proceeds totaling \$135,240 was loaned to a local nursing home development and the remaining funds were used to cover administrative costs.

The loan is secured by a second mortgage dated October 20, 1980, on the nursing home facility and a personal guarantee provided by the developer. Repayment terms require the nursing home to remit twenty percent (20%) of net cash flow to the Town on an annual basis. Payments to be collected by the Town are limited to \$300,000 unless the facility is sold, refinanced or subject to foreclosure prior to collection of the full amount. In the event that the facility is sold, refinanced, or subject to foreclosure, the loan will be amortized based on the interest rate imposed by the first mortgage on the facility.

Due to the absence of records from previous years, the Town cannot presently determine the balance of the Economic Development Loan. The balance presented in the accompanying financial statements is based on an amount provided by the nursing home.

TOWN OF POLLOCK, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 1995

NOTE 13 - 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:

<u>Capital Project Funds</u>	<u>Economic Development Loan Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Cash	\$ 54,824	\$ 83,781	\$138,605
Receivables		54,489	54,489
Economic Development Loan	<u>60,246</u>	<u>          </u>	<u>60,246</u>
Total Restricted Assets	115,070	138,270	253,340
Liabilities Payable from Restricted Assets	<u>          </u>	<u>138,270</u>	<u>138,270</u>
Fund Balance Reserved for Economic Development	<u>\$ 115,070</u>	<u>\$          </u>	<u>\$115,070</u>