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**TOWN OF POLLOCK, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1997**

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 Board Room, Office of the Town Auditor, 200 West 1st Street, at the office of the public clerk of court.

Release Date JAN 10 1998

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March 8, 1998

Independent Auditor's 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, 1997 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 assurance 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 \$317,285 in the accompanying financial statements.

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, 1997, 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.

American Institute of Certified Public Accountants • Society of Louisiana CPAs

Report Acknowledged
Legislative A.C. 108

By: S. P. Monahan

Town of Pollock
March 6, 1998

In accordance with Government Auditing Standards, we have also issued a report dated March 6, 1998, 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 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.


ROGER HARRINGTON & MCKAY
Certified Public Accountants

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March 6, 1998

**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, 1997, and have issued our report thereon dated March 6, 1998. 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

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 & MGRAT
Certified Public Accountants 

**TOWN OF PEABODY, LOANS AND
ALL FUNDED TYPES AND ACCOUNT GROUPS**

Combined Balance Sheet
December 31, 1987

	Secured Debt		Unsecured Debt		Accounts Payable		Accrued Payroll		Total	
	Amount	Payable	Amount	Payable	Amount	Payable	Amount	Payable	Amount	Payable
City	\$ 10,000	-	\$ 22,875	-	\$ -	\$ -	\$ -	\$ -	\$ 32,875	\$ -
Reserve funds	10,000	-	30,000	-	-	-	-	-	40,000	30,000
Capital assets	-	-	-	-	-	-	-	-	-	-
City	-	100,000	70,000	-	-	-	-	-	170,000	100,000
Reserve funds	-	200,000	-	-	-	-	-	-	200,000	200,000
Unfunded liabilities	-	-	4,000	-	-	-	-	-	4,000	-
Interfund development fund	-	11,111	-	-	-	-	-	-	11,111	11,111
Administrative reserve funds	-	-	10,000	-	-	-	-	-	10,000	10,000
Land, buildings and equipment (part of interfund development fund)	-	-	6,000,000	17,000	-	-	-	-	6,006,000	17,000
Accounts receivable (part of interfund development fund)	-	-	-	-	-	-	-	-	-	11,000
General long term debt	-	-	-	-	-	-	-	-	-	11,000
Total assets	\$ 30,000	\$ 300,000	\$ 32,875	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 328,875	\$ 328,875

FORM 990 POLLOCK, LORENA
ALL FUNDED FIFTEEN YEAR ACCOUNT GROUPS

Continuation Sheet
 December 31, 2007

LIABILITIES FOR EXPENSES

LIABILITIES

Accounts and other payables
 Interest payable
 Advances from other funds
 Payable for other
 Capital loan obligations
 General obligation bonds payable
 Revenue bonds payable

Total liabilities

	Accountable Fund		Proprietary Fund		General Fund		Total
	Amount	Percent	Amount	Percent	Amount	Percent	
	\$ 2,074		\$ 1,426		\$ -		\$ 3,500
	4,791		-		-		4,791
	17,000		-		-		17,000
	63		14,000		-		14,063
	-		14,000		1,000		15,000
	-		48,000		-		48,000
	\$ 10,928		\$ 27,426		\$ -		\$ 38,354

ASSETS

Investments in general fund assets
 Restricted equity
 Restricted liability
 Amounts by fund transfers
 Amounts for capital projects
 Unexpended
 Fund balances
 Reserved for accounts development
 Unexpended
 Designated for special projects
 Unexpended

Total equity

Total liabilities and equity

	Accountable Fund		Proprietary Fund		General Fund		Total
	Amount	Percent	Amount	Percent	Amount	Percent	
	-		-		107,295		107,295
	-		3,210,294		-		3,210,294
	-		14,000		-		14,000
	-		19,427		-		19,427
	-		14,000		-		14,000
	-		119,497		-		119,497
	63,116		-		-		63,116
	2,282,514		-		-		2,282,514
	4,722,126		3,210,294		107,295		8,039,715
	\$ 27,147		\$ 3,439,114		\$ 107,295		\$ 3,573,556

The accompanying notes are an integral part of these statements.

**TOWN OF POLLOCK, LOUISIANA
GOVERNMENTAL FUNDS**

Continued Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1997

	<u>GENERAL FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Total			
All sources	\$ 7,648	\$ -	\$ 7,648
Sales	27,932	-	27,932
Other	7,698	-	7,698
Licenses and permits	59,961	-	59,961
Intergovernmental:			
COP's grant	24,275	-	24,275
State capital outlay	-	3,079,808	3,079,808
Other state funds	11,266	-	11,266
Fees and forfeitures	83,269	-	83,269
Use of money and property	14	17,529	17,543
Timber sales	98,722	-	98,722
Other	8,138	1,079	7,796
Total revenues	<u>368,725</u>	<u>3,099,214</u>	<u>3,796,939</u>
EXPENDITURES			
General government	117,895	126	118,021
Public safety	79,769	-	79,769
Public works	-	3,079,804	3,079,804
Debt service	19,711	-	19,711
Total expenditures	<u>207,375</u>	<u>3,079,934</u>	<u>3,277,309</u>
Excess (deficiency) of revenues over expenditures	<u>161,350</u>	<u>19,987</u>	<u>181,337</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	30,494	-	30,494
Operating transfers out	(11,294)	-	(11,294)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>80,550</u>	<u>19,987</u>	<u>100,537</u>
Fund balance (deficit) - beginning of year	<u>(703,469)</u>	<u>189,120</u>	<u>(514,349)</u>
Fund balance (deficit) - end of year	<u>\$ (622,919)</u>	<u>\$ 119,107</u>	<u>\$ (503,812)</u>

The accompanying notes are an integral part of this statement.

**TOWN OF POLLOCK, LOUISIANA
GENERAL FUND**

Combined Statement of Revenues, Dispositions,
and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes:			
Ad valorem	\$ 4,000	\$ 7,648	\$ 3,648
Sales	17,000	21,992	4,992
Other	9,000	7,618	(1,382)
Licenses and permits	10,000	11,901	1,901
Intergovernmental:			
CDBG grant	12,198	14,273	1,875
Other state funds	3,000	11,398	8,398
Fees and forfeitures	70,000	87,269	17,269
Use of money and property			
Tuition sales	98,712	98,712	-
Other	1,300	5,011	3,711
	<u>714,628</u>	<u>398,536</u>	<u>316,092</u>
Total revenues			
	<u>714,628</u>	<u>398,536</u>	<u>316,092</u>
EXPENDITURES			
General government	711,878	377,889	333,989
Public safety	60,741	51,380	9,361
Sanitation	8,789	11,311	(2,522)
	<u>781,408</u>	<u>439,580</u>	<u>341,828</u>
Total expenditures			
	<u>781,408</u>	<u>439,580</u>	<u>341,828</u>
Excess (deficiency) of revenues over expenditures	6,220	58,956	52,736
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	18,418	18,418
Operating transfers out	-	(11,794)	(11,794)
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,220	56,941	50,744
Fund balance (deficit) - beginning of year	<u>(102,409)</u>	<u>(111,690)</u>	<u>9,281</u>
Fund balance (deficit) - end of year	<u>\$ (96,189)</u>	<u>\$ (54,749)</u>	<u>\$ 41,440</u>

This accompanying letter may be 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, 1997

	<u>PROPRIETARY FUNDS</u> <u>ENTERPRISE</u> <u>FUNDS</u>
OPERATING REVENUES:	
Water sales	76,930
Sewer services	39,280
Other	<u>19,790</u>
Total operating revenues	<u>135,999</u>
OPERATING EXPENSES:	
Depreciation	74,330
Interest	2,278
Legal and professional	2,500
Miscellaneous	7,608
Office expense	540
Payroll taxes and benefits	4,130
Repairs and maintenance	36,839
Salaries and wages	33,340
Utilities and telephone	<u>13,584</u>
Total operating expenses	<u>133,069</u>
Operating income (loss)	(7,067)
NONOPERATING REVENUES (EXPENSES):	
Ad valorem taxes	4,302
Interest expense	<u>(28,139)</u>
Other	<u>930</u>
Net income (loss) before operating transfers	(42,034)
Operating transfers out	<u>378</u>
Net income (loss)	(41,656)
Add: Appreciation on fixed assets acquired with contributed capital	<u>51,487</u>
Net increase (decrease) in retained earnings	9,831
Retained earnings - beginning of year	<u>70,530</u>
Retained earnings - end of year	<u>\$ 80,361</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, 1997

	<u>PROPRIETARY FUNDS:</u> <u>Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating income	\$ (17,683)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	74,376
(Increase) decrease in receivables from utility sales	(3,542)
Increase (decrease) in accounts and other payables	(754)
Increase (decrease) in deposits due others	367
Net cash provided (used) by operating activities	<u>52,964</u>
<u>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</u>	
Repayment of loan by General Fund	6,808
Operating transfers from general fund	11,294
Ad Valorem tax receipts	3,514
Other	928
Net cash provided (used) by non-capital financing activities	<u>32,544</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Interest paid on general obligations and revenue bonds	(20,270)
Principal paid on general obligation bonds	(1,899)
Principal paid on revenue bonds	<u>(31,830)</u>
Net cash provided (used) by capital and related financing activities	<u>(47,830)</u>
Net increase (decrease) in cash	27,734
Beginning cash balance	<u>23,696</u>
Ending cash balance	51,470
Restricted cash balance	<u>58,987</u>
Unrestricted cash balance	<u>\$ 23,873</u>

Supplemental Disclosure of Cash Flow Information:

For the year ended December 31, 1997, the Town's Airport Fund returned the balance due on its advance to the General Fund by \$10,436 in exchange for services provided by the General Fund. In addition, construction cost totaling \$1,806,277 related to an access road for the Town's airport property were incurred by the Capital Outlay Fund. Furthermore, construction cost totaling \$1,254,324 related to extending the Town's water and sewer systems were also also incurred by the Capital Outlay Fund.

The accompanying notes are an integral part of this statement.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pollock (the Town) was incorporated under the provisions of the Lawsman Act. The Town is governed by a Mayor and a Board of Aldermen 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 above 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, 1997

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 Fund Assets Account Group - This group of accounts is used to account for fund 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.

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

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

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.

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.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

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, cost 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.

INCUMBRANCE 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 an interfund receivables and payables. Any interfund receivables and payables that are not expected to be repaid with 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 eliminations have not been made in the aggregation of this data. 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.

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 realized for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired.

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

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, 1997, amounts to be collected by the Town are as follows:

	General Fund	Capital Projects Fund	Enterprise Funds	Total
Accounts Receivable				
Utility Accounts	\$	\$	\$ 45,938	\$ 45,938
Ad Valorem Taxes	7,156			7,156
Franchise Taxes	2,603			2,603
Sales Taxes	1,916			1,916
Other	1,642			1,642
Total	14,973		45,938	60,911
Due From Other Governmental Units				
State of Louisiana		241,927		241,927
U.S. Department of Justice	6,089			6,089
Total Receivables	21,062	241,927	45,938	278,927
Restricted Portion		241,927		241,927
Unrestricted Portion	\$ 21,062	\$	\$ 45,938	\$ 67,000

At December 31, 1997 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, 1997 the Town's cash balance totaled \$252,810 (book balance) and \$190,158 (bank balance). The composition of these accounts is as follows:

	General Fund	Capital Projects Fund	Enterprise Funds	Total
Cash	\$ 77,548	\$	\$ 22,871	\$ 100,419
Restricted Cash		109,914	59,825	169,739
Total Cash	\$ 77,548	\$ 109,914	\$ 82,696	\$ 260,158

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

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 or a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1997, the Town has \$450,158 in deposits (collected bank balance). These deposits are secured from risk by \$234,347 of federal deposit insurance and \$675,907 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 30 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 have been capitalized. The leased property is reported in the general fixed assets account group at its original cost of \$19,764. Future minimum lease payments are presented as follows:

<u>Years Ending December 31,</u>	
1998	\$ 7,129
1999	<u>5,240</u>
	12,369
Total Minimum Lease Payments	
Less Amount Representing Interest	<u>1,113</u>
Present Value of Six Minimum Lease Payments	<u>\$ 11,257</u>

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

Capital lease obligations at January 1, 1997	\$ 18,137
Additions	<u>4</u>
Exclusions	<u>6,284</u>
Capital lease obligations at December 31, 1997	<u>\$ 11,857</u>

The following is a summary of bond transactions for the year ended December 31, 1997:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

	General Obligation	Utility Revenue	Total
Bond Payable, December 31, 1996	\$ 129,000	\$ 504,463	\$ 633,463
Issued	-	-	-
Retired	<u>1,000</u>	<u>15,600</u>	<u>16,600</u>
Bond Payable, December 31, 1997	<u>\$ 128,000</u>	<u>\$ 488,863</u>	<u>\$ 616,863</u>

At December 31, 1997, the following Bond Issues were outstanding:

	Outstanding Balance	
	General Obligation	Utility Revenue
\$229,000 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.	5	\$ 143,880
\$15,000 Water Public Improvement Bonds Series A dated October 31, 1973, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	14,000	
\$15,000 Water Public Improvement Bonds Series B dated October 30, 1973, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	14,000	
\$231,000 Street 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.		221,700
\$25,000 Water Revenue Bonds dated December 17, 1975, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.		20,299
\$140,000 Water Revenue Bonds dated June 22, 1980, due in annual installments ranging from \$1,000 to \$9,000 plus interest at 7.275%, final installment due January 1, 2015.		116,802
\$10,210 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1997, due in monthly installments of \$150 including interest at 5%, final installment due December 7, 2015.		11,091

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$6,291 Payable for 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.	_____	_____
	\$ 23,000	\$ 489,812

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>
1998	\$ 1,000	\$ 12,379	\$ 13,379
1999	1,000	13,423	14,423
2000	1,000	13,477	14,477
2001	1,000	14,528	15,528
2002	1,000	16,584	17,584
Thereafter	21,000	419,624	440,624
Total	\$ 23,000	\$ 489,812	\$ 512,812

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, 1997, 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 collectible ad valorem taxes at December 31, 1997.

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of the property and equipment at December 31, 1997 consists of the following:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

General Fund Assets	Balance (12/31/96)	Additions	Disposals	Balance (12/31/97)
Buildings	\$ 86,800	\$	\$	\$ 86,800
Vehicles	34,778			34,778
Equipment	_____	(34,787)	_____	(34,787)
Total	\$ 121,578	\$ (34,787)	\$ _____	\$ 86,791

Exprieties Fund (Fund Assets)	Balance (12/31/96)	Additions	Disposals	Balance (12/31/97)
Water Distribution System	\$ 970,830		\$	\$ 970,830
Wastewater System	1,788,021			1,788,021
Airport Improvements	308,480			308,480
Construction in Progress	1,000,070	1,079,881		2,079,951
Land	30,888	_____	_____	30,888
Total	\$ 3,018,089	\$ 1,079,881	\$ _____	\$ 4,097,970
Less Accumulated Depreciation	(1,070,887)	(34,369)	_____	(1,105,256)
Net Property and Equipment	\$ 1,947,202	\$ 1,045,512	\$ _____	\$ 2,992,714

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	\$ 365,000
Construction of water supply and sewage treatment disposal facilities to serve the U.S. Correctional Complex	1,000,000
Construction of access roads for the U.S. Correctional Complex	1,100,000
Total Funding	\$ 2,465,000

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

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

	Current Expenditures	Previous Expenditures	Total
Water Supply and Sewerage Treatment:			
Planning	\$	\$ 501,000	\$ 501,000
Construction	1,254,534	46,170	1,300,704
Construction of Access Roads	1,830,277	495,000	2,325,277
Total Capital-Output Expenditures	<u>\$ 3,105,081</u>	<u>\$ 1,042,170</u>	<u>\$ 4,147,251</u>

NOTE 8 - CONTRIBUTOR CAPITAL

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

Beginning Balance	\$ 2,116,222
Current Capital Outlay	3,030,881
Depreciation on Improvements Financed with Contributed Capital	(23,825)
Ending Balance	<u>\$ 5,123,278</u>

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town insures against these risks 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 risks 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. Present 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 so within their employer 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, 1997

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, 8403 United Plaza Boulevard, Baton Rouge, Louisiana 70802-2258, or by calling (504) 325-7411.

Funding Policy. Plan members are required by state statute to contribute 7.3 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.8 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, 1997, 1996, and 1995, 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, 1997 requires the general fund to repay a total of \$210,000 to the Municipal Airport Enterprise Fund. Under the terms of the repayment agreement, the general fund is required to execute \$1,000 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:

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

Original Balance -- November 11, 1987	\$ 1,150,000
In-kind payments for the year ended:	
December 31, 1995	9,274
December 31, 1996	9,924
December 31, 1997	20,445
Cash Payments during 1996	____ 4,133
Balance -- December 31, 1997	<u>\$ 1,111,482</u>

NOTE 11 - 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 \$100,000 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.

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 grantee require amounts collected from the borrower to be used for further economic development projects.

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

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

TOWN OF POLLOCK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

Capital Projects Funds	Economic Development Loan Fund	Capital Outlay Fund	Total
Cash	\$ 185,400	\$ 1,593	\$ 186,993
Receivables		241,957	241,957
Economic Development Loan	<u>(5,111)</u>		<u>(5,111)</u>
Total Restricted Assets	117,214	243,550	360,764
Liabilities Payable from Restricted Assets	<u> </u>	<u>243,527</u>	<u>243,527</u>
Fund Balance Reserved for Economic Development	<u>\$ 117,214</u>	<u>\$ 1,023</u>	<u>\$ 118,237</u>
Economic Funds	Utility Funds (Water & Sewer)	Municipal Airport	Total
Cash	\$ 11,618	\$ 28,933	\$ 40,551
Interfund Receivables	4,745		4,745
Advances to Other Funds	<u> </u>	<u>117,281</u>	<u>117,281</u>
Total Restricted Assets	16,363	246,214	262,577
Liabilities Payable from Restricted Assets	<u> </u>	<u> </u>	<u> </u>
Total Restricted Retained Earnings	<u>\$ 16,363</u>	<u>\$ 246,214</u>	<u>\$ 262,577</u>

TOWN OF POLLOCK
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1997

TOWN OF POLLOCK, LOUISIANA
CAPITAL PROJECTS FUND
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 For the Year Ended December 31, 2007

	ECONOMIC DEVELOPMENT LOAN FUND	CAPITAL OUTLAY FUND	TOTAL
REVENUES			
Intergovernmental			
State capital outlay	\$ -	\$ 3,070,818	\$ 3,070,818
Use of money and property	17,931	-	17,931
Other	-	1,579	1,579
	<u>17,931</u>	<u>3,072,397</u>	<u>3,090,328</u>
Total revenues	<u>17,931</u>	<u>3,072,397</u>	<u>3,090,328</u>
EXPENDITURES			
General government	126	-	126
Public works	-	3,070,818	3,070,818
	<u>126</u>	<u>3,070,818</u>	<u>3,070,944</u>
Total expenditures	<u>126</u>	<u>3,070,818</u>	<u>3,070,944</u>
Excess (deficiency) of revenues over expenditures	17,805	1,579	19,384
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	17,805	1,579	19,384
	<u>17,805</u>	<u>1,579</u>	<u>19,384</u>
Fund balance (deficit) - beginning of year	<u>108,128</u>	<u>-</u>	<u>108,128</u>
Fund balance (deficit) - end of year	<u>\$ 125,933</u>	<u>\$ 1,579</u>	<u>\$ 127,512</u>

TOWN OF FELLOE, LOUISIANA
PROPRIETARY FUNDS
 Condensed Schedule of Revenues and Expenses
 For the Year Ended December 31, 2007

	WATERWORKS ENTERPRISE FUND	SEWER SYSTEM ENTERPRISE FUND	MUNICIPAL UTILITY ENTERPRISE FUND	TOTAL
REVENUES RECEIVED:				
Of which:				
Grant income	\$ 76,000	\$ -	\$ -	\$ 76,000
Other	-	37,100	-	37,100
	<u>76,000</u>	<u>37,100</u>	<u>11,000</u>	<u>124,100</u>
Total operating revenues	<u>76,000</u>	<u>37,100</u>	<u>11,000</u>	<u>124,100</u>
OPERATING EXPENSES:				
Depreciation	23,600	44,400	4,200	72,200
Insurance	3,375	-	-	3,375
Legal and professional	3,070	104	204	3,378
Miscellaneous	4,100	3,500	-	7,600
Office expenses	700	-	-	700
Payroll taxes and benefits	3,260	3,260	-	6,520
Repairs and maintenance	6,020	6,700	104	12,824
Salaries and wages	16,470	16,470	-	32,940
Utilities and telephone	5,800	3,000	470	9,270
	<u>70,125</u>	<u>78,090</u>	<u>4,874</u>	<u>153,089</u>
Total operating expenses	<u>70,125</u>	<u>78,090</u>	<u>4,874</u>	<u>153,089</u>
Operating income (loss)	<u>5,875</u>	<u>(41,990)</u>	<u>6,126</u>	<u>(30,000)</u>
NONOPERATING REVENUES/EXPENSES:				
Net interest income	4,500	-	-	4,500
Interest expense	(16,070)	(3,400)	-	(19,470)
Other	400	-	400	800
	<u>(11,170)</u>	<u>(3,400)</u>	<u>400</u>	<u>(14,170)</u>
Net income (loss) before operating transfers	<u>(5,295)</u>	<u>(45,390)</u>	<u>6,526</u>	<u>(44,159)</u>
Operating transfers to (of)	<u>1,434</u>	<u>3,170</u>	<u>(10,000)</u>	<u>(5,396)</u>
Net income (loss)	<u>\$ (3,861)</u>	<u>\$ (42,220)</u>	<u>\$ (3,474)</u>	<u>\$ (49,555)</u>

TOWN OF POLLOCK, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the year ended December 31, 1997

Eugene Mayeaux, Mayor	8,000
Chuck Butterfield, Alderman	590
Randy Browning, Alderman	135
Mary Dupont, Alderman	130
Connie Hildes, Alderman	375
M. P. Johnson, Alderman	125
Mark Maccaul, Alderman	675
Sharon Zeh, Alderman	650
	<hr/>
Total Compensation	<u>9,125</u>

TOWN OF POLLOCK
SCHEDULE OF PRIOR YEAR FINDINGS

SECTION I – INTERNAL CONTROLS AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Financial Reporting – Page 4 of the previous audit report indicated a reportable condition involving the Town's financial reporting system. The recommendation stated that the Town should replace its financial reporting system with a new, fully automated system.

Resolved – The Town of Pollock has purchased a new desktop computer and installed Quickbooks Pro accounting software. The new system is used for all accounting applications.

Public Bid Law – Page 5 of the previous audit report indicated that the Town failed to solicit bids for a new police car acquired under a capital leasing arrangement.

Resolved – All capital expenditures during the current year were in compliance with public bid law.

Budget Variance – Page 7 of the previous audit report indicated budget variances reported by the general fund exceeded amounts allowed by State law.

Resolved – Current budget variances were within the limits allowed by State law.

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

N/A

N/A

SECTION III – MANAGEMENT LETTER

Risk Management – A management letter issued in connection with the previous audit indicated that the Town had no casualty insurance coverage on its municipal buildings and contents. The management letter also reported that certain wages were not reported to the provider of the Town's workers compensation insurance coverage.

Resolved – Casualty insurance covering the Town's municipal structures and contents has been obtained. Furthermore, wages were fully reported to the provider of the Town's workers compensation insurance coverage.

Investments – The management letter reported that the idle funds were held in savings accounts that do not offer competitive rates of interest.

Resolved – Excess funds have been invested in certificates of deposit that offer competitive rates of interest.