

**TOWN OF POLLOCK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**



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

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

May 10, 2019

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* and issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements of the Town's primary government are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

-Members-

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pollock, as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER SUPPLEMENTAL INFORMATION

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

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

The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The Honorable Mayor and
Members of the Board of Aldermen
May 10, 2019
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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2019 on our consideration of the Town of Pollock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pollock's internal control over financial reporting and compliance.

Rozier, Harrington, + McKay
Rozier, Harrington, & McKay
Certified Public Accountants

May 10, 2019
Alexandria, Louisiana

Town of Pollock

Management's Discussion and Analysis

December 31, 2018

This section of the Town of Pollock's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2018.

OVERVIEW OF FINANCIAL STATEMENTS

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

GOVERNMENT – WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

Town of Pollock

Management's Discussion and Analysis

December 31, 2018

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

NET POSITION

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

	<u>December 31, 2018</u>			<u>December 31, 2017</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<u>Assets:</u>				
Current and Other Assets	\$ 107,873	\$ 2,490,966	\$ 2,598,839	\$ 2,088,831
Internal Balances	6,090	(6,090)	----	----
Capital Assets	2,300,044	8,809,485	11,109,529	11,370,391
Total Assets	2,414,007	11,294,361	13,708,368	13,459,222
Deferred Outflows	40,132	198,603	238,735	244,915
<u>Liabilities:</u>				
Current and Other Liabilities	34,563	122,648	157,211	161,800
Long-term Liabilities	167,574	484,989	652,563	790,356
Total Liabilities	202,137	607,637	809,774	952,156
Deferred Inflows	123,717	24,166	147,883	21,288
<u>Net Position:</u>				
Invested in Capital Assets (Net)	2,300,044	8,809,485	11,109,529	11,370,391
Restricted- Airport Operations	----	153,561	153,561	158,841
Unrestricted	(171,759)	1,898,115	1,726,356	1,201,461
Total Net Position	\$ 2,128,285	\$ 10,861,161	\$ 12,989,446	\$ 12,730,693

As the presentation appearing above demonstrates, the largest portion of the Town's net position (85.53%) is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and any infrastructure acquired after January 1, 2004 less any debt used to acquire the assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. An additional portion of the net position (1.18%) is subject to restrictions that the funds be used for Airport Operations. The remaining unrestricted net position (13.29%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Pollock

Management's Discussion and Analysis

December 31, 2018

CHANGES IN NET POSITION

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

	<u>For the Year Ended December 31, 2018</u>			<u>For the Year Ended December 31, 2017</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Revenues:				
Program Revenue:				
Charges for Services	\$ 378,414	\$ 1,965,992	\$ 2,344,406	\$ 2,258,688
Operating Grants and Contributions	----	----	----	----
Capital Grants and Contributions	----	16,898	16,898	-
General Revenue:				
Property Taxes	----	----	----	----
Sales Taxes	68,346	----	68,346	65,439
Franchise Taxes	18,616	----	18,616	22,473
Licenses and Permits	38,374	----	38,374	37,769
Other	44,744	2,099	46,843	40,827
Total Revenue	548,494	1,984,989	2,533,483	2,425,196
Program Expenses:				
General Government	332,788	----	332,788	352,746
Public Safety – Police Department	254,722	----	254,722	315,662
Public Works – Roads and Bridges	7,356	----	7,356	2,693
Sanitation	----	----	----	----
Utility System	----	1,663,713	1,663,713	1,535,981
Airport	----	16,151	16,151	24,711
Total Expenses	594,866	1,679,864	2,274,730	2,231,793
Excess (Deficiency) Before Transfers and Special Items	(46,372)	305,125	258,753	193,403
Transfers	187,046	(187,046)	----	----
Change in Net Position	140,674	118,079	258,753	193,403
Net Position Beginning	1,987,611	10,743,082	12,730,693	12,537,290
Net Position Ending	\$ 2,128,285	\$ 10,861,161	\$ 12,989,446	\$ 12,730,693

Governmental activities increased the Town's net position by \$140,674. Business-type activities increased the Town's net position by \$118,079.

Town of Pollock

Management's Discussion and Analysis

December 31, 2018

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$79,400 which represents an increase of \$76,006 in comparison to the previous balance. Differences between fund balances and net position reported for governmental activities are attributable to including capital assets in the determination of net position, and the inclusion of long-term retirement obligations.

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

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund is required to adopt a budget and the budget is amended as necessary. For the current year, amendments were necessary to budget for an increase in collection of fines and forfeitures and increases in general government expenditures. These increases in expenses and increases in revenues were not anticipated when the original budget was prepared. In the current year the Town's revenues and other sources were less than budgeted amounts by \$103,559. The Town's expenses and other uses were less than budgeted expenses by \$182,959. Budget variances for revenues and other sources were not within the range allowed by Louisiana Revised Statutes.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2018 was for the purchase of a new police car, the installation of three new generators, and the installation of a new electronic billboard for the town.

DEBT ADMINISTRATION

The Town of Pollock had no outstanding debt issuances as of December 31, 2018.

Town of Pollock

STATEMENT OF NET POSITION **December 31, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 91,463	\$ 2,217,663	\$ 2,309,126
Receivables	16,410	226,393	242,803
Restricted Cash	-	46,910	46,910
Internal balances	6,090	(6,090)	-
Capital assets			
Non depreciable capital assets	347,407	20,600	368,007
Depreciable capital assets, net	<u>1,952,637</u>	<u>8,788,885</u>	<u>10,741,522</u>
Total assets	<u>2,414,007</u>	<u>11,294,361</u>	<u>13,708,368</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	\$ 40,132	\$ 198,603	\$ 238,735
<u>LIABILITIES</u>			
Cash Overdraft	-	-	-
Accounts and other payables	34,563	75,738	110,301
Deposits due others	-	46,910	46,910
Aggregate Net Pension Liability	<u>167,574</u>	<u>484,989</u>	<u>652,563</u>
Total liabilities	<u>202,137</u>	<u>607,637</u>	<u>809,774</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	123,717	24,166	147,883
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	2,300,044	8,809,485	11,109,529
Restricted for:			
Airport operations	-	153,561	153,561
Unrestricted	<u>(171,759)</u>	<u>1,898,115</u>	<u>1,726,356</u>
Total Net Position	<u>\$ 2,128,285</u>	<u>\$ 10,861,161</u>	<u>\$ 12,989,446</u>

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

Town of Pollock

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 332,788	\$ -	\$ -	\$ -	\$ (332,788)	\$ -	\$ (332,788)
Public safety - police department	254,722	378,414	-	-	123,692	-	123,692
Streets, Drainage and Recreation	7,356	-	-	-	(7,356)	-	(7,356)
Sanitation	-	-	-	-	-	-	-
Total governmental activities	<u>594,866</u>	<u>378,414</u>	<u>-</u>	<u>-</u>	<u>(216,452)</u>	<u>-</u>	<u>(216,452)</u>
Business-Type Activities:							
Utility System	1,663,713	1,960,031	-	16,898	-	313,216	313,216
Municipal Airport	16,151	5,961	-	-	-	(10,190)	(10,190)
Total business-type activities	<u>1,679,864</u>	<u>1,965,992</u>	<u>-</u>	<u>16,898</u>	<u>-</u>	<u>303,026</u>	<u>303,026</u>
Total primary government	<u>\$ 2,274,730</u>	<u>\$ 2,344,406</u>	<u>\$ -</u>	<u>\$ 16,898</u>	<u>(216,452)</u>	<u>303,026</u>	<u>86,574</u>
General Revenues:							
Taxes:							
Ad valorem					-	-	-
Sales taxes					68,346	-	68,346
Franchise					18,616	-	18,616
Licenses and permits					38,374	-	38,374
Miscellaneous					44,744	2,099	46,843
Internal transfers					187,046	(187,046)	-
Total general revenues					<u>357,126</u>	<u>(184,947)</u>	<u>172,179</u>
Change in Net Position					140,674	118,079	258,753
Net Position Beginning					<u>1,987,611</u>	<u>10,743,082</u>	<u>12,730,693</u>
Net Position Ending					<u>\$ 2,128,285</u>	<u>\$ 10,861,161</u>	<u>\$ 12,989,446</u>

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

Town of Pollock

Balance Sheet

Governmental Funds - December 31, 2018

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 91,463	\$ -	\$ -	\$ 91,463
Receivables (net)	\$ 16,410	\$ -	\$ -	\$ 16,410
Interfund Receivables	6,090	-	-	6,090
Total assets	\$ 113,963	\$ -	\$ -	\$ 113,963
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts payable	\$ 34,563	\$ -	\$ -	\$ 34,563
Interfund payables	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	34,563	-	-	34,563
<u>Fund Balance</u>				
Assigned				
Capital Projects Funds	-	-	-	-
Unassigned				
General Fund	79,400	-	-	79,400
Total Fund Balances	79,400	-	-	79,400
Total Liabilities and Fund Balance	\$ 113,963	\$ -	\$ -	\$ 113,963

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

Town of Pollock

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

Year Ended December 31, 2018

Total Fund Balances- Governmental Funds	\$ 79,400
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,300,044
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	<u>(251,159)</u>
Net Position of Governmental Activities	<u>\$ 2,128,285</u>

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

Town of Pollock

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended December 31, 2018

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	68,346	-	-	68,346
Franchise taxes	18,616	-	-	18,616
Licenses & permits:	38,374	-	-	38,374
Intergovernmental	10,511	-	-	10,511
Fines and forfeitures	367,903	-	-	367,903
Other	44,745	-	-	44,745
Total Revenues	548,495	-	-	548,495
Expenditures:				
Current				
General government	267,020	-	-	267,020
Public safety - police department	270,059	-	-	270,059
Streets	7,356	-	-	7,356
Capital expenditures	115,100	-	-	115,100
Total Expenditures	659,535	-	-	659,535
Excess (Deficiency) of Revenues Over Expenditures	(111,040)	-	-	(111,040)
Other Financing Sources (Uses):				
Operating transfers in	187,046	-	-	187,046
Operating transfers out	-	-	-	-
Net Change in Fund Balances	76,006	-	-	76,006
Fund Balance (Deficit) - Beginning of Year	3,394	-	-	3,394
Fund Balance (Deficit) - End of Year	\$ 79,400	\$ -	\$ -	\$ 79,400

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

Town of Pollock

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

Year Ended December 31, 2018

Net change in fund balances of Governmental Funds	\$ 76,006
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	30,372
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds	<u>34,296</u>
Change in net position of governmental activities	<u>\$ 140,674</u>

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

Town of Pollock

Statement of Net Position

Proprietary Funds - December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Utility	Non-Major	Total
	System	Fund	
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 2,058,467	\$ 159,196	\$ 2,217,663
Receivables (net)	225,938	455	226,393
Restricted Assets:			
Cash and cash equivalents			
Meter Deposits	46,910	-	46,910
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	-	-
Non depreciable assets	20,600	-	20,600
Depreciable assets (net)	8,759,735	29,150	8,788,885
Total assets	11,111,650	188,801	11,300,451
DEFERRED OUTFLOWS:			
Pension funding deferrals	198,603	-	198,603
LIABILITIES:			
Current Liabilities:			
Accounts and other payable	75,738	-	75,738
Interfund Payables		6,090	6,090
Aggregate Net Pension Liability	484,989	-	484,989
Deposits due others	46,910	-	46,910
Total liabilities	607,637	6,090	613,727
DEFERRED INFLOWS:			
Pension funding deferrals	24,166	-	24,166
NET POSITION:			
Invested in capital assets, net of related debt	8,780,335	29,150	8,809,485
Restricted for:			
Airport operations	-	153,561	153,561
Unrestricted	1,898,115	-	1,898,115
Total net position	\$ 10,678,450	\$ 182,711	\$ 10,861,161

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

Town of Pollock

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Utility System	Non-Major Fund	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 1,954,362	\$ 3,561	\$ 1,957,923
Other	22,567	2,400	24,967
Total Operating Revenues	1,976,929	5,961	1,982,890
<u>Operating Expenses:</u>			
Depreciation	378,432	4,210	382,642
Insurance	41,036	-	41,036
Legal and professional	31,156	11,941	43,097
Other	92,454	-	92,454
Office	9,865	-	9,865
Payroll taxes and benefits	266,579	-	266,579
Repairs and maintenance	192,752	-	192,752
Salaries and wages	470,380	-	470,380
Utilities and telephone	181,059	-	181,059
Total Operating Expenses	1,663,713	16,151	1,679,864
Operating Income (Loss)	313,216	(10,190)	303,026
<u>Nonoperating Revenues (Expenses):</u>			
Interest income	1,399	700	2,099
Interest expense	-	-	-
Contributed Capital	-	-	-
Change in Net Position Before Contributions and Transfers	314,615	(9,490)	305,125
<u>Special Items and Transfers:</u>			
Operating Transfers In (Out)	(187,046)	-	(187,046)
Change in net position	127,569	(9,490)	118,079
Total net position - beginning	10,550,881	192,201	10,743,082
Total net position - ending	\$ 10,678,450	\$ 182,711	\$ 10,861,161

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

Town of Pollock

Statement of Cash Flows

Proprietary Funds - Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Utility System	Non-Major Fund	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 1,815,518	\$ 5,961	\$ 1,821,479
Cash payments to suppliers of goods and services	(816,146)	(11,941)	(828,087)
Cash payments to employees for services	(470,380)	-	(470,380)
Changes in Pension Liability	29,278	-	29,278
Net cash provided (used) by operating activities	<u>558,270</u>	<u>(5,980)</u>	<u>552,290</u>
<u>Cash flows from non-capital financing activities:</u>			
Repayment of advance	-	-	-
Change in due to from other funds	-	-	-
Operating transfers in(out)	(187,046)	-	(187,046)
Ad valorem taxes	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(187,046)</u>	<u>-</u>	<u>(187,046)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(91,408)	-	(91,408)
Debt Proceeds	-	-	-
Contributed Capital	-	-	-
Change in Accrued Loan Interest	-	-	-
Principle paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(91,408)</u>	<u>-</u>	<u>(91,408)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	<u>1,399</u>	<u>700</u>	<u>2,099</u>
Net cash provided (used) by investing activities	<u>1,399</u>	<u>700</u>	<u>2,099</u>
Net increase (decrease) in cash	281,215	(5,280)	275,935
Beginning cash balance	<u>1,824,162</u>	<u>164,476</u>	<u>1,988,638</u>
Ending cash balance	2,105,377	159,196	2,264,573
Less restricted cash and cash equivalents	<u>46,910</u>	-	<u>46,910</u>
Cash and cash equivalents	<u>\$ 2,058,467</u>	<u>\$ 159,196</u>	<u>\$ 2,217,663</u>

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

Town of Pollock

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Utility	Non-Major	Total
	System	Fund	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 313,216	\$ (10,190)	\$ 303,026
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	378,432	4,210	382,642
(Increase) decrease in accounts receivable	(157,218)	-	(157,218)
(Decrease) increase in accounts and other payables	(1,245)	-	(1,245)
(Decrease) increase in overall pension liability	29,278		29,278
(Decrease) increase in meter deposits	(4,193)	-	(4,193)
Net cash provided (used) by operating activities	<u>\$ 558,270</u>	<u>\$ (5,980)</u>	<u>\$ 552,290</u>

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

FINANCIAL REPORTING ENTITY

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

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

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

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

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

MAJOR BUSINESS-TYPE FUNDS

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

Municipal Airport – The Municipal Airport Fund is used to account for the operation of the Town's airport, which is supported by revenue generated from the Airport and surrounding property. In the current year, the Municipal Airport was classified as a non-major fund.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

BUDGETARY CONTROL

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

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

CASH AND CASH EQUIVALENTS

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

INTERNAL ACTIVITY:

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

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

RESTRICTED ASSETS:

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

CAPITAL ASSETS

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

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

COMPENSATED ABSENCES

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

At December 31, 2018, the Town had \$2,376,509 in deposits (collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance on demand deposits; \$250,000 of federal deposit insurance on the Interest-Bearing Accounts for a total of \$500,000 and \$2,074,900 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 3 – RECEIVABLES

Receivables at December 31, 2018 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for Services	\$ ----	\$ 225,938
Franchise Taxes	4,306	----
Ad Valorem Taxes	----	----
Grant	----	----
Other	----	455
Total Accounts Receivable	4,306	226,393
<u>Due From Other Governments</u>		
Sales Tax	12,104	----
Total Due From Other Governments	12,104	----
Receivables, net	\$ 16,410	\$ 226,393

NOTE 4 - LONG-TERM DEBT

The Town of Pollock had no long-term outstanding debt or debt activity for the year ended December 31, 2018.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

NOTE 5 – CAPITAL ASSETS

A summary of capital transactions for the year ended December 31, 2018 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 207,407	\$ ----	\$ ----	\$ 207,407
Donated Property	140,000	----	----	140,000
Construction in Process	----	----	----	-
Total	347,407	----	----	347,407
Depreciable Capital Assets				
Buildings and Improvements	1,988,845	76,259	----	2,065,104
Vehicles	179,275	38,841	----	218,116
Furniture, Fixtures and Equipment	450,345	----	----	450,345
Accumulated Depreciation	(696,200)	(84,728)	----	(780,928)
Total	1,922,265	30,372	----	1,952,637
Total Governmental Activities	\$ 2,269,672	\$ 30,372	\$ ----	\$ 2,300,044
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 20,600	\$ ----	\$ ----	\$ 20,600
Utility Construction in Process	----	----	----	----
Total	20,600	-	-	20,600
Depreciable Capital Assets				
Water Distribution System	3,444,386	45,704	----	3,490,090
Wastewater System	2,226,732	----	----	2,226,732
Airport Improvements	181,360	----	----	181,360
Prison Utility System	10,705,901	45,704	----	10,751,605
Accumulated Depreciation	(7,478,260)	(382,642)	----	(7,860,902)
Total	9,080,119	(291,234)	----	8,788,885
Total Business-Type Activities	\$ 9,100,719	\$ (291,234)	\$ ----	\$ 8,809,485

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
General Government	\$ 63,015	\$ ----	\$ 63,015
Public Safety	21,713	----	\$ 21,713
Utility System	----	378,432	\$ 378,432
Municipal Airport	----	4,210	\$ 4,210
Total Depreciation Expense	\$ 84,728	\$ 382,642	\$ 467,370

NOTE 6 – TAXES

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish, if mills are levied. For the year ended December 31, 2018, the Town did not levy any mills for general corporate purposes, though it does have the authority to do so by state law.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2018.

Sales Taxes:

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

NOTE 7 - RISK MANAGEMENT

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

NOTE 8 - PENSION PLANS

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 565,827	\$ 217,180	\$ 26,426
Municipal Police Employees' Retirement System of Louisiana	<u>86,736</u>	<u>21,555</u>	<u>121,457</u>
Total	652,563	238,735	147,883
Portion Applicable to Government Type Activities	<u>167,574</u>	<u>40,132</u>	<u>123,717</u>
Portion Applicable to Business Type Activities	<u>\$ 484,989</u>	<u>\$ 198,603</u>	<u>\$ 24,166</u>

Municipal Employee's Retirement System of Louisiana

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

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Pollock is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Pollock are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$	84,583,179
Town's Proportionate Share (Percentage)		<u>0.668959%</u>
Town's Proportionate Share (Amount)	\$	<u>565,827</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2018 are provided as follows:

Beginning Net Pension Liability		\$	528,923
Employer Contributions			(66,073)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	118,624		
Changes in Proportion	14,673		
Changes in Benefit Terms	---		
Employee Contributions	<u>(16,797)</u>	116,500	
Change in Deferred Outflows of Resources		(1,051)	
Change in Deferred Inflows of Resources		<u>(12,472)</u>	
Ending Net Pension Liability		\$	<u>565,827</u>

There were no changes between December 31, 2018 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 1,517	\$ 25,485	\$ (23,968)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	91,965	----	91,965
Changes of Assumptions	21,175	----	21,175
Changes in Proportion	32,409	941	31,468
Employer Contributions Made After the Measurement Date	<u>70,114</u>	<u>----</u>	<u>70,114</u>
 Total Deferrals	 217,180	 26,426	 190,754
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	 <u>(70,114)</u>	 <u>----</u>	 <u>(70,114)</u>
 Deferrals Subject to Amortization	 <u>\$ 147,066</u>	 <u>\$ 26,426</u>	 <u>\$ 120,640</u>

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

<u>For the Year Ending:</u>	
June 30, 2019	\$ 66,371
June 30, 2020	43,077
June 30, 2021	8,339
June 30, 2022	<u>2,853</u>
 Total	 <u>\$ 120,640</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Actuarial Assumptions:	
Investment Rate of Return	7.275 %
Inflation Rate	2.6 %
Projected Salary Increases	5.00 % (2.775 % Inflation, 2.225 % Merit)
Mortality Rates	RP- 2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. RP-2000 Employees Sex Distinct Table set back 2 years for males and females RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study, for the period July 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50 %	2.2 %
Public Fixed Income	35 %	1.5 %
Alternatives	<u>15 %</u>	<u>0.6 %</u>
Totals	100 %	4.3 %
Inflation		2.7 %
Nominal Return		7.0%

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 6.275 % Discount Rate</u>	<u>Current Discount Rate 7.275%</u>	<u>1% Increase 8.275 % D. Rate</u>
Net Pension Liability	\$ 742,580	\$ 565,827	\$ 415,573

Municipal Police Employees' Retirement System of Louisiana

Plan Description- All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who joined the retirement system prior to January 1, 2013 and are at least age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/2 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

For members joining the system after January 1, 2013, eligibility for regular retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty Sub Plans. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, assessed online at lampers.org, or by calling (225) 929-7411.

Funding Policy- Plan members are required by state statute to contribute either 8.0 or 10.0 percent of their annual covered salary, based upon their classification as a Hazardous Duty or Non-Hazardous Duty member, and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2018 were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$	845,406,112
Town's Proportionate Share (Percentage)		0.0102597%
Town's Proportionate Share (Amount)	\$	<u>86,736</u>

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2018 are provided as follows:

Beginning Net Pension Liability		\$	261,432
Employer Contributions			(9,320)
<u>Pension Expense</u>			
Changes in Proportion	(40,604)		
Proportionate Share of Plan Pension Expense	12,917		
Changes in Benefit Terms	----		
Employee Contributions	(2,025)	(29,712)	
Change in Deferred Outflows of Resources		(21,542)	
Change in Deferred Inflows of Resources		(114,122)	
Ending Net Pension Liability		\$	<u>86,736</u>

There were no changes between December 31, 2018 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 391	\$ 4,433	\$ (4,042)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	4,158	----	4,158
Changes of Assumptions	5,668	-	5,668
Changes in Proportion	-	117,024	(117,024)
Employer Contributions Made After the Measurement Date	11,338	----	11,338
Total Deferrals	21,555	121,457	(99,902)
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(11,338)	----	(11,338)
Deferrals Subject to Amortization	<u>\$ 10,217</u>	<u>\$ 121,457</u>	<u>\$ (111,240)</u>

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

<u>For the Year Ending:</u>	
June 30, 2019	\$ (34,947)
June 30, 2020	(36,007)
June 30, 2021	(40,437)
June 30, 2022	151
Total	<u>\$ (111,240)</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.20% per annum, net of investment expense	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.60 % per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75 %
	3-23	4.75 %
	Over 23	4.25 %
Mortality	Healthy Annuitants/ Beneficiaries	RP-2000 Combined Health w/ Blue Collar Adj. Sex Distinct Table, Back 1 yr. F
	Disabled Annuitants	RP-2000 Disabled Lives Table; Back 5 yrs. M, 3 yrs. F
	Active Members	RP-2000 Employee Table; Back 4 Yrs. M, 3 Yrs. F

The actuarial assumptions in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00 %	3.58 %
Fixed Income	22.00 %	0.46 %
Alternatives	20.00 %	1.07 %
Other	6.00 %	0.17 %
Totals	100.00 %	5.28 %
Inflation		2.75 %
Nominal Return		8.03 %

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.20% Discount Rate	Current Discount Rate 7.20%	1% Increase 8.20 % Discount
Net Pension Liability	\$ 121,892	\$ 86,736	\$ 57,247

NOTE 9 - RESTRICTED RESOURCES

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

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

Cash	\$ 46,910
Liabilities Payable from Restricted Assets	(46,910)
<u>Total Restricted Retained Earnings</u>	<u>\$ -</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

The Town also operates a municipal airport on property that was originally provided by Federal sources. Restrictions imposed by the donor require resources generated by the property to be used solely for operation of the Airport and maintenance of the property. Accordingly, resources held by the Municipal Airport Fund in the amount of \$153,561 have been classified as restricted.

NOTE 10 – CONTINGENCIES

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

NOTE 11 – ECONOMIC DEVELOPMENT ACTIVITIES

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

PRISON SITE

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

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

UTILITY SERVICE COMMITMENT

The Town has entered into an agreement to provide water and sewer service for the federal prison facility. In order to fulfill this commitment, the Town constructed a new water system and sewer system. Funding for a portion of new utility infrastructure was provided by a tap fee in the amount of

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2018

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

NOTE 12 – INTERNAL ACTIVITY

The Utility System transferred \$187,046 to the General Fund for the year ended December 31, 2018. As there is no expectation of repayment, the amount has been classified as an operating transfer.

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

NOTE 13 – GRANT REVENUES

During the year ended December 31, 2018 the town received \$16,898 from the Community Water Enrichment Fund for the purchase of flush valves for the water system. The town was also awarded a Louisiana Community Development Block Grant to upgrade the town's chlorination filtration system, though no funds were received or expended during the year ended December 31, 2018.

Town of Pollock

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Year Ended December 31, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	55,000	55,000	68,346	13,346
Franchise taxes	20,000	17,500	18,616	1,116
Licenses & permits:	37,500	41,500	38,374	(3,126)
Intergovernmental	12,000	10,000	10,511	511
Fines and forfeitures	275,000	350,000	367,903	17,903
Interest	1,000	100	-	(100)
Other	20,000	20,000	44,745	24,745
Total revenues	420,500	494,100	548,495	54,395
General Government:				
Current				
General government	351,200	503,194	267,020	236,174
Public safety- police department	282,500	336,100	270,059	66,041
Sanitation	3,200	3,200	-	3,200
Streets	-	-	7,356	(7,356)
Capital expenditures	-	-	115,100	(115,100)
Total expenditures	636,900	842,494	659,535	182,959
Excess (Deficiency) of				
Revenues Over Expenditures	(216,400)	(348,394)	(111,040)	237,354
Other Financing Sources (Uses):				
Operating transfers in	216,400	345,000	187,046	(157,954)
Operating transfer out	-	-	-	-
Net Change in Fund Balances	-	(3,394)	76,006	79,400
Fund Balance (Deficit) -				
Beginning of Year	-	3,394	3,394	-
Fund Balance (Deficit) -				
End of Year	\$ -	\$ -	\$ 79,400	\$ 79,400

TOWN OF POLLOCK

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2015	0.59%	403,940	208,891	193.4%	76.9%
June 30, 2016	0.59%	486,821	431,495	112.8%	62.1%
June 30, 2017	0.67%	582,922	467,750	124.6%	63.5%
June 30, 2018	0.67%	565,828	514,383	110.0%	65.6%
Municipal Police Employees' Retirement System					
June 30, 2015	0.03%	242,619	84,242	288.0%	75.1%
June 30, 2016	0.03%	284,944	81,123	351.3%	66.0%
June 30, 2017	0.03%	261,433	69,680	375.2%	70.08%
June 30, 2018	0.01%	86,739	52,335	165.7%	71.89%

Notes to Schedule

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

TOWN OF POLLOCK

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
December 31, 2015	39,167	39,167	-	208,891	18.75%
December 31, 2016	40,992	40,992	-	431,495	9.50%
December 31, 2017	56,909	56,909	-	467,750	12.17%
December 31, 2018	70,114	70,114	-	514,383	13.63%
Municipal Police Employees' Retirement System					
December 31, 2015	26,115	26,115	-	84,242	31.00%
December 31, 2016	25,148	25,148	-	81,123	31.00%
December 31, 2017	21,863	21,863	-	69,680	31.38%
December 31, 2018	16,496	16,496	-	52,335	31.52%

Town of Pollock

Schedule of Compensation Paid to Board Members For the year ended December 31, 2018

Jerome Scott, Mayor	\$ 9,000
Deborah Tumminello	3,000
Constance Vanantwerpen	2,242
Sharon Zeh	3,000
R. Wilkins, Sr.	3,000
June "Penny" Johnson	750
Randy Estes	<u>3,000</u>
Total	<u><u>\$ 23,992</u></u>

Town of Pollock

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the Year Ended December 31, 2018

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

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



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

May 10, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Pollock's basic financial statements and have issued our report thereon dated May 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pollock's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pollock's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pollock's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Pollock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These findings are described in the accompanying schedule of findings as 2018-1 and 2018-2.

-Members-

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rozier, Harrington, + McKay

Rozier, Harrington & McKay,
Certified Public Accountants

Alexandria, Louisiana
May 10, 2019

TOWN OF POLLOCK

Schedule of Findings

For the Year Ended December 31, 2018

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the primary government financial statements for the Town of Pollock as of December 31, 2018 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed two instances (2018-1 and 2018-2) of noncompliance that is considered to be material to the financial statements of the Town of Pollock.

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

- Finding 2018-1: Budget Violation – In the current year, General Fund actual revenues and other sources were 12.34% less than budgeted amounts.
- Finding 2018-2: Cost-Sharing Retirement System - The Town participates in a cost-sharing retirement system for the benefit of the Town's police officers. During the current year, all required payments were not made timely to the retirement system, and all forms were not submitted when due, as required by state law.

**Town of Pollock
 Management's Corrective Action Plan
 December 31, 2018**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	RESPONSE:
<p><u>Finding 2018-1: General Fund Budget Violation</u> In the current year, General Fund actual revenues and other sources were 12.34 % less than budgeted amounts.</p> <p><u>Finding 2018-2: Cost-Sharing Retirement System</u> The Town participates in a cost-sharing retirement system for the benefit of the Town's police officers. During the current year, all required payments were not made timely to the retirement system, and all forms were not submitted when due, as required by state law.</p>	<p><u>Response:</u> In the current year, the Town anticipated that the General Fund would need \$345,000 in operating transfers from the Utility Fund for operating expenses and capital projects. However, due to efficient management of our resources, the General Fund only required \$187,046 in operating transfers. In the future we will monitor our budget more closely, to ensure budgetary compliance.</p> <p><u>Response:</u> When the Town was made aware of the issue, the town immediately filed all required forms, and paid all amounts due to the retirement system. The Town has developed an internal tickler system, which has insured that the Town has paid all monies when due, and filed all required forms.</p>
SECTION II MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A

Town of Pollock
Summary of Prior Year Findings
December 31, 2018

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	STATUS:
<p><u>Finding 2017-1: General Fund Budget Violation</u> In the current year, General Fund actual revenues and other sources were 12.7% less than budgeted amounts.</p>	Unresolved.
SECTION II	
MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A

APPENDIX A
**Statewide Agreed-Upon
Procedures**



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

Independent Accountant's Report
On Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Town of Pollock (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year beginning January 1st, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, Harrington and McKay
Certified Public Accountants

May 10, 2019
Alexandria, Louisiana

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>The Town has written procedures that covered some, but not all of the required components in the areas listed below.</p> <ul style="list-style-type: none"> • Purchasing • Payroll/Personnel • Ethics <p>The Town does not have written procedures regarding the following functions:</p> <ul style="list-style-type: none"> • Budgeting • Disbursements • Receipts • Contracting • Credit Cards • Travel and expense reimbursements <p>The Town's written policies did not cover the following functions because they were not applicable to the Town:</p> <ul style="list-style-type: none"> • Debt 	<p><i>We will examine our written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this category. As such, RHM has excluded it from testing in the current year.</p> <p>See Comments Above</p> <p>See Comments Above</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	See Comments Above	<i>The results did not include findings or criticisms.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>RHM has obtained a listing of the Town's bank accounts and selected five for testing.</p> <p>There is evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.</p> <p>There is no evidence that a member of management reviewed each bank reconciliation.</p> <p>It is normally Town policy to void checks that have been outstanding for a lengthy period. However, the Town could not locate any documentation reflecting research on any outstanding checks, or recently voided checks that have been outstanding for six months.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will have a board member review and approve all reconciliations.</i></p> <p><i>The Town will begin to document and retain research pertaining to checks outstanding longer than six months.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p> <p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p> <p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>Employees responsible for collecting cash are responsible for preparing and making the back collection documentation to the deposit.</p> <p>Employees responsible for cash collection are not responsible for posting collection entries to the general ledger.</p> <p>Employees responsible for reconciling cash collections are not responsible for collecting cash.</p>	<p><i>The Town believes that the Town Clerk's reconciliation of deposits is an appropriate compensating control which limits risks associated with deposits.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>The Town doesn't accept cash payments, but all employees are covered under an employee dishonesty insurance policy.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates</p>	<p>RHM randomly selected two deposit dates for each of the five accounts selected.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>The Town keeps sequentially numbered receipts.</p> <p>The receipt totals matched the totals on deposit slips.</p> <p>The deposit slip totals matched the actual deposits per the bank statement.</p> <p>Deposits were made within one business day of receipt.</p> <p>RHM traced the actual deposit per the bank statement to the general ledger, and found no discrepancies.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	All disbursements are processed at Town Hall.	<i>The results did not include findings or criticisms.</i>
9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:		
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order.	<i>The results did not include findings or criticisms.</i>
b) At least two employees are involved in processing and approving payments to vendors.	At least town employees are involved in processing and approving payments to vendors.	<i>The results did not include findings or criticisms.</i>
c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.	The Town Clerk is responsible for processing payments and can add or modify the vendor list.	<i>While the Town Clerk has the ability to modify the vendor list and process payments, management is very familiar with the vendor list, and approves all payments. We believe this compensating control offsets the risk of the Town Clerk being able to modify the vendor list.</i>
d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not	The mayor signs and mails all checks himself.	<i>The results did not include findings or criticisms.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>responsible for processing payments.</p> <p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>The disbursements selected were supported by documentation.</p> <p>Segregation of duties was observed on disbursement documentation.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Each transaction was supported by an itemized receipt, and written documentation of the business or public purpose. No meal charges were selected in the transactions tested.	<i>The results did not include findings or criticisms.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that not all payments were made and all associated forms were filed by required deadlines.	<i>The Town did not make all required payments and file all required forms with the municipal police retirement system in the current year. We have developed a tickler system, which will insure this doesn't happen again.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Pollock

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.	<i>The results did not include findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	See Comments Above.	<i>The results did not include findings or criticisms.</i>

Town of Pollock

Statewide Agreed-Upon Procedures

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

Other		
Agreed-Upon Procedure	Results	Managements' Response
<p>23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</p>	<p>Management represented that there were no misappropriations of public funds or assets during the period.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.</p>	<p>The notice was visibly posted on a bulletin board at Town Hall.</p>	<p><i>The results did not include findings or criticisms.</i></p>