

TOWN OF POLLOCK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 3
Required Supplemental Information (Part I)	
Management's Discussion And Analysis.....	4 - 7
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	10
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	13
Proprietary Funds	
Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Net Position	15
Statement of Cash Flows.....	16 - 17
Notes to Financial Statements.....	18 - 35
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual)	
General Fund	36
Cost Sharing Retirement Systems	
Schedule of Net Pension Liability Data.....	37
Schedule of Employer Contributions.....	38
Other Supplemental Information	
Schedule of Compensation Paid to Board Members	39
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	40
Independent Auditors' Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	41-42
Schedule Of Findings And Questioned Cost.....	43
Management's Corrective Action Plan.....	44
Summary of Prior Year Findings And Questioned Cost.....	45

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June 1, 2017

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, 2016, 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

-Members-

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*The Honorable Mayor and
Members of the Board of Aldermen
June 1, 2017
Page 2*

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.

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, 2016, 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

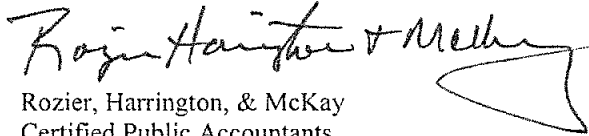
The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

*The Honorable Mayor and
Members of the Board of Aldermen
June 1, 2017
Page 3*

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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2017, on our consideration of the Town of Pollock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pollock's internal control over financial reporting and compliance.


Rozier, Harrington, & McKay
Certified Public Accountants

June 1, 2017
Alexandria, Louisiana

Town of Pollock

Management's Discussion And Analysis December 31, 2016

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, 2016.

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, 2016***

- **Proprietary Fund** – 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, 2016</u>			<u>December 31, 2015</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<u>Assets:</u>				
Current and Other Assets	\$ 453,895	\$ 1,646,597	\$ 2,100,492	\$ 1,576,135
Internal Balances	----	----	----	----
Capital Assets	1,788,701	9,288,674	11,077,375	11,311,154
<u>Total Assets</u>	<u>2,242,596</u>	<u>10,935,271</u>	<u>13,177,867</u>	<u>12,887,289</u>
<u>Deferred Outflows</u>	133,678	166,337	300,015	213,121
<u>Liabilities:</u>				
Current and Other Liabilities	25,372	123,492	148,864	137,169
Long-term Liabilities	365,566	406,199	771,765	646,559
<u>Total Liabilities</u>	<u>390,938</u>	<u>529,691</u>	<u>920,629</u>	<u>783,728</u>
<u>Deferred Inflows</u>	10,390	9,573	19,963	24,193
<u>Net Position:</u>				
Invested in Capital Assets (Net)	1,788,701	9,288,674	11,077,375	11,311,154
Restricted – Meter Deposits	----	48,826	48,826	54,564
Restricted- Airport Operations	----	178,492	178,492	188,641
Unrestricted	186,245	1,046,352	1,232,597	738,130
<u>Total Net Position</u>	<u>1,974,946</u>	<u>10,562,344</u>	<u>\$ 12,537,290</u>	<u>\$ 12,292,489</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (88.36%) is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and any infrastructure acquired after December 31, 2003 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 (.42%) represents resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various

Town of Pollock

Management's Discussion And Analysis **December 31, 2016**

revenue sources. An additional portion of the net position (1.43%) is subject to restrictions that the funds be used for Airport Operations. The remaining unrestricted net position (9.79%) may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

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

	For the Year Ended December 31, 2016			For the
	Governmental Activities	Business- Type Activities	Total	Year Ended December 31, 2015
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 213,722	\$ 1,998,579	\$ 2,212,301	\$ 2,485,266
Operating Grants and Contributions	----	----	----	----
Capital Grants and Contributions	----	28,750	28,750	12,834
General Revenue:				
Property Taxes	----	----	----	----
Sales Taxes	57,977	----	57,977	60,432
Franchise Taxes	20,593	----	20,593	21,775
Licenses and Permits	37,422	----	37,422	37,768
Other	59,415	2,376	61,791	32,786
Total Revenue	389,129	2,029,705	2,418,834	2,650,861
<u>Program Expenses:</u>				
General Government	313,871	----	313,871	328,354
Public Safety – Police Department	364,282	----	364,282	354,564
Public Works – Roads and Bridges	7,567	----	7,567	----
Sanitation	----	----	----	----
Utility System	----	1,471,954	1,471,954	1,318,745
Airport	----	16,359	16,359	12,822
Total Expenses	685,720	1,488,313	2,174,033	2,014,485
Excess (Deficiency) Before Transfers and Special Items	(296,591)	541,392	244,801	636,376
Transfers	660,605	(660,605)	----	----
Change in Net Position	364,014	(119,213)	244,801	636,376
Net Position Beginning	1,610,932	10,681,557	12,292,489	12,116,576
Net Position Ending	\$ 1,974,946	\$10,562,344	\$12,537,290	\$12,116,576

Town of Pollock

Management's Discussion And Analysis ***December 31, 2016***

Governmental activities increased the Town's net position by \$364,014. Business-type activities decreased the Town's net position by \$119,213.

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 \$428,523 which represents an increase of \$414,419 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 a decrease in collection of fines and forfeitures, an increase in transfers in, increases in general government expenditures, and an increase in police expenditures. These changes in expenses and increase in revenues were not anticipated when the original budget was prepared. In the current year the Town's revenues were greater than budgeted amounts by \$14,870. The Town's expenses were less than budgeted expenses by \$286,484. Budget variances for revenues and expenditures were within the acceptable range.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2016 was for the purchase of new trucks for the utility department, new police equipment, a new air conditioner for Town Hall, fire hydrants, water meters, and the implementation of the SCADA system. In addition, work began on the Splash Pad, a recreational area for use by the town's citizens.

DEBT ADMINISTRATION

The Town of Pollock had no outstanding debt issuances as of December 31, 2016.

Town of Pollock

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 438,980	\$ 1,538,814	\$ 1,977,794
Receivables	14,915	58,957	73,872
Restricted Cash	-	48,826	48,826
Internal balances	-	-	-
Capital assets			
Non depreciable capital assets	378,506	20,600	399,106
Depreciable capital assets, net	1,410,195	9,268,074	10,678,269
Total assets	<u>2,242,596</u>	<u>10,935,271</u>	<u>13,177,867</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	\$ 133,678	\$ 166,337	\$ 300,015
<u>LIABILITIES</u>			
Accounts and other payables	25,372	74,666	100,038
Deposits due others	-	48,826	48,826
Aggregate Net Pension Liability	365,566	406,199	771,765
Total liabilities	<u>390,938</u>	<u>529,691</u>	<u>920,629</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	10,390	9,573	19,963
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,788,701	9,288,674	11,077,375
Restricted for:			
Meter Deposits	-	48,826	48,826
Airport operations	-	178,492	178,492
Unrestricted	186,245	1,046,352	1,232,597
Total Net Position	<u>\$ 1,974,946</u>	<u>\$ 10,562,344</u>	<u>\$ 12,537,290</u>

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

Town of Pollock

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 313,871	\$ 360	\$ -	\$ -	\$ (313,511)	\$ -	\$ (313,511)
Public safety - police department	364,282	213,362	-	-	(150,920)	-	(150,920)
Streets, Drainage and Recreation	7,567	-	-	-	(7,567)	-	(7,567)
Sanitation	-	-	-	-	-	-	-
Total governmental activities	<u>685,720</u>	<u>213,722</u>	<u>-</u>	<u>-</u>	<u>(471,998)</u>	<u>-</u>	<u>(471,998)</u>
<u>Business-Type Activities:</u>							
Utility System	1,471,954	1,997,279	-	28,750	-	554,075	554,075
Municipal Airport	16,359	1,300	-	-	-	(15,059)	(15,059)
Total business-type activities	<u>1,488,313</u>	<u>1,998,579</u>	<u>-</u>	<u>28,750</u>	<u>-</u>	<u>539,016</u>	<u>539,016</u>
Total primary government	<u>\$ 2,174,033</u>	<u>\$ 2,212,301</u>	<u>\$ -</u>	<u>\$ 28,750</u>	<u>(471,998)</u>	<u>539,016</u>	<u>67,018</u>

General Revenues:

Taxes:

Ad valorem	-	-	-
Sales taxes	57,977	-	57,977
Franchise	20,593	-	20,593
Licenses and permits	37,422	-	37,422
Miscellaneous	59,415	2,376	61,791
Internal transfers	660,605	(660,605)	-
Total general revenues	<u>836,012</u>	<u>(658,229)</u>	<u>177,783</u>
Change in Net Position	364,014	(119,213)	244,801
Net Position Beginning	<u>1,610,932</u>	<u>10,681,557</u>	<u>12,292,489</u>
Net Position Ending	<u>\$ 1,974,946</u>	<u>\$ 10,562,344</u>	<u>\$ 12,537,290</u>

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

Town of Pollock

Balance Sheet Governmental Funds - December 31, 2016

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 438,980	\$ -	\$ -	\$ 438,980
Receivables (net)	14,915	-	-	14,915
Total assets	\$ 453,895	\$ -	\$ -	\$ 453,895
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts payable	\$ 25,372	\$ -	\$ -	\$ 25,372
Interfund payables	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	25,372	-	-	25,372
<u>Fund Balance</u>				
Assigned				
Capital Projects Funds	-	-	-	-
Unassigned				
General Fund	428,523	-	-	428,523
Total Fund Balances	428,523	-	-	428,523
Total Liabilities and Fund Balance	\$ 453,895	\$ -	\$ -	\$ 453,895

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, 2016

Total Fund Balances- Governmental Funds	\$ 428,523
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.	1,788,701
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	<u>(242,278)</u>
Net Position of Governmental Activities	<u>\$ 1,974,946</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, 2016

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	57,978	-	-	57,978
Franchise taxes	20,593	-	-	20,593
Licenses & permits:	37,422	-	-	37,422
Intergovernmental	18,560	-	-	18,560
Fines and forfeitures	195,162	-	-	195,162
Other	59,415	-	-	59,415
Total Revenues	<u>389,130</u>	<u>-</u>	<u>-</u>	<u>389,130</u>
<u>Expenditures:</u>				
Current				
General government	258,847	-	-	258,847
Public safety - police department	324,706	-	-	324,706
Streets	7,567	-	-	7,567
Capital expenditures	44,196	-	-	44,196
Total Expenditures	<u>635,316</u>	<u>-</u>	<u>-</u>	<u>635,316</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(246,186)	-	-	(246,186)
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	660,605	-	-	660,605
Operating transfers out	-	-	-	-
Net Change in Fund Balances	414,419	-	-	414,419
Fund Balance (Deficit) -				
Beginning of Year	<u>14,104</u>	<u>-</u>	<u>-</u>	<u>14,104</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ 428,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,523</u>

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

Town of Pollock

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

Year Ended December 31, 2016

Net change in fund balances of Governmental Funds	\$ 414,419
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.	(21,912)
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>(28,493)</u>
Change in net position of governmental activities	<u>\$ 364,014</u>

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

Town of Pollock

Statement of Net Position

Proprietary Funds - December 31, 2016

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,360,777	\$ 178,037	\$ 1,538,814
Receivables (net)	58,502	455	58,957
Restricted Assets:			
Cash and cash equivalents			
Meter Deposits	48,826	-	48,826
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	-	-
Non depreciable assets	20,600	-	20,600
Depreciable assets (net)	9,230,504	37,570	9,268,074
Total assets	10,719,209	216,062	10,935,271
<u>DEFERRED OUTFLOWS:</u>			
Pension funding deferrals	166,337	-	166,337
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts and other payable	74,666	-	74,666
Interfund Payables		-	-
Aggregate Net Pension Liability	406,199	-	406,199
Deposits due others	48,826	-	48,826
Total liabilities	529,691	-	529,691
<u>DEFERRED INFLOWS:</u>			
Pension funding deferrals	9,573	-	9,573
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	9,251,104	37,570	9,288,674
Restricted for:			
Debt service- Meter Deposits	48,826	-	48,826
Airport operations	-	178,492	178,492
Unrestricted	1,046,352	-	1,046,352
Total net position	\$ 10,346,282	\$ 216,062	\$ 10,562,344

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, 2016

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 1,997,279	\$ 1,300	\$ 1,998,579
Other	28,750	-	28,750
Total Operating Revenues	2,026,029	1,300	2,027,329
<u>Operating Expenses:</u>			
Depreciation	409,944	4,210	414,154
Insurance	44,594	-	44,594
Legal and professional	29,870	9,674	39,544
Other	68,344	-	68,344
Payroll taxes and benefits	197,318	-	197,318
Repairs and maintenance	159,199	2,475	161,674
Salaries and wages	403,510	-	403,510
Utilities and telephone	159,175	-	159,175
Total Operating Expenses	1,471,954	16,359	1,488,313
Operating Income (Loss)	554,075	(15,059)	539,016
<u>Nonoperating Revenues (Expenses):</u>			
Interest income	1,676	700	2,376
Interest expense	-	-	-
Contributed Capital	-	-	-
Change in Net Position Before Contributions and Transfers	555,751	(14,359)	541,392
<u>Special Items and Transfers:</u>			
Operating Transfers In (Out)	(660,605)	-	(660,605)
Change in net position	(104,854)	(14,359)	(119,213)
Total net position - beginning	10,451,136	230,421	10,681,557
Total net position - ending	\$ 10,346,282	\$ 216,062	\$ 10,562,344

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

Town of Pollock

Statement of Cash Flows

Proprietary Funds - Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 2,509,885	\$ 1,300	\$ 2,511,185
Cash payments to suppliers of goods and services	(661,890)	(12,149)	(674,039)
Cash payments to employees for services	(403,510)	-	(403,510)
Changes in Pension Liability	5,589	-	5,589
Net cash provided (used) by operating activities	<u>1,450,074</u>	<u>(10,849)</u>	<u>1,439,225</u>
<u>Cash flows from non-capital financing activities:</u>			
Repayment of advance	-	-	-
Change in due to from other funds	-	-	-
Operating transfers in(out)	(660,605)	-	(660,605)
Ad valorem taxes	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(660,605)</u>	<u>-</u>	<u>(660,605)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(202,288)	-	(202,288)
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>(202,288)</u>	<u>-</u>	<u>(202,288)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	<u>1,676</u>	<u>700</u>	<u>2,376</u>
Net cash provided (used) by investing activities	<u>1,676</u>	<u>700</u>	<u>2,376</u>
Net increase (decrease) in cash	588,857	(10,149)	578,708
Beginning cash balance	<u>820,746</u>	<u>188,186</u>	<u>1,008,932</u>
Ending cash balance	1,409,603	178,037	1,587,640
Less restricted cash and cash equivalents	<u>48,826</u>	<u>-</u>	<u>48,826</u>
Cash and cash equivalents	<u>\$ 1,360,777</u>	<u>\$ 178,037</u>	<u>\$ 1,538,814</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, 2016

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 554,076	\$ (15,059)	\$ 539,017
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	409,944	4,210	414,154
(Increase) decrease in accounts receivable	478,884	-	478,884
(Decrease) increase in accounts and other payables	(3,390)	-	(3,390)
(Decrease) increase in overall pension liability	5,589		5,589
(Decrease) increase in meter deposits	4,971	-	4,971
Net cash provided (used) by operating activities	<u>\$ 1,450,074</u>	<u>\$ (10,849)</u>	<u>\$ 1,439,225</u>

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

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

FINANCIAL REPORTING ENTITY

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

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

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

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

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

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

MAJOR BUSINESS-TYPE FUNDS

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

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

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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 or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. 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 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, 2016

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 with 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 December 31, 2003, 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, 2016

At December 31, 2016, the Town had \$2,026,619 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 \$2,024,068 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 3 – RECEIVABLES

Receivables at December 31, 2016 consisted of the following:

	Governmental Activities	Business-Type Activities
<u>Accounts Receivable</u>		
Charges for Services	\$ ----	\$ 58,502
Franchise Taxes	3,702	----
Ad Valorem Taxes	----	----
Grant		----
Other	----	455
Total Accounts Receivable	3,702	58,957
<u>Due From Other Governments</u>		
Sales Tax	11,213	----
Total Due From Other Governments	11,213	----
Receivables, net	\$ 14,915	\$ 58,957

NOTE 4 - LONG-TERM DEBT

The Town of Pollock had no long-term outstanding debt or debt activity for the year ended December 31, 2016.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

NOTE 5 – CAPITAL ASSETS

A summary of capital transactions for the year ended December 31, 2016 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	----	31,099	----	31,099
Total	347,407	31,099	----	378,506
Depreciable Capital Assets				
Buildings and Improvements	1,447,320	----	----	1,447,320
Vehicles	137,568	----	----	137,568
Furniture, Fixtures and Equipment	437,246	13,097	----	450,343
Accumulated Depreciation	(558,928)	(66,108)	----	(625,036)
Total	1,463,206	(53,011)	----	1,410,195
Total Governmental Activities	\$ 1,810,613	\$ (21,912)	\$ ----	\$ 1,788,701
<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	3,220,578	142,151	----	3,362,729
Wastewater System	2,096,347	24,842	----	2,121,189
Airport Improvements	181,360	----	----	181,360
Prison Utility System	10,670,552	35,349	----	10,705,901
Accumulated Depreciation	(6,688,951)	(414,154)	----	(7,103,105)
Total	9,479,886	(211,812)	----	9,268,074
Total Business-Type Activities	\$ 9,500,486	\$ (211,812)	\$ ----	\$ 9,288,674

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Government	\$ 49,180	\$ ----	\$ 49,180
Public Safety	16,928	----	16,928
Utility System	----	409,944	409,944
Municipal Airport	----	4,210	4,210
<u>Total Depreciation Expense</u>	<u>\$ 66,108</u>	<u>\$ 414,154</u>	<u>\$ 480,262</u>

NOTE 6 – TAXES

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2016, the Town did not levy any mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2016.

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, 2016

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	\$ 486,821	\$ 191,795	\$ 11,037
Municipal Police Employees' Retirement System of Louisiana	<u>284,944</u>	<u>108,220</u>	<u>8,926</u>
Total	771,765	300,015	19,963
Portion Applicable to Government Type Activities	<u>365,566</u>	<u>133,678</u>	<u>10,390</u>
Portion Applicable to Business Type Activities	<u>\$ 406,199</u>	<u>\$ 166,337</u>	<u>\$ 9,573</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. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. 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 above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 82,890,844
Town's Proportionate Share (Percentage)	0.59%
Town's Proportionate Share (Amount)	<u>\$ 486,821</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, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 403,940
Employer Contributions	(40,992)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	87,609
Changes in Proportion	930
Changes in Benefit Terms	----
Employee Contributions	<u>(14,462)</u>
Deferred Outflows of Resources	47,539
Deferred Inflows of Resources	<u>2,257</u>
Ending Net Pension Liability	<u>\$ 486,821</u>

There were no changes between December 31, 2016 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:

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 3,993	\$ 7,034	\$ (3,041)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	119,328	----	119,328
Changes of Assumptions	24,259	----	24,259
Changes in Proportion	2,459	4,003	(1,544)
Employer Contributions Made After the Measurement Date	40,992	----	40,992
	<hr/>	<hr/>	<hr/>
Total Deferrals	191,031	11,037	179,994
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(40,992)	----	(40,992)
	<hr/>	<hr/>	<hr/>
Deferrals Subject to Amortization	<u>\$ 150,039</u>	<u>\$ 11,037</u>	<u>\$ 139,002</u>

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

<u>For the Year Ending:</u>	
June 30, 2017	\$ 41,563
June 30, 2018	40,775
June 30, 2019	38,499
June 30, 2020	18,165
	<hr/>
Total	<u>\$ 139,002</u>

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 Years

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

Actuarial Assumptions:	
Investment Rate of Return	7.5 %
Inflation Rate	2.875 %
Projected Salary Increases	5.00 % (2.875 % Inflation, 2.125 % Merit)
Mortality Rates	RP-2000 Disabled Lives Mortality Table set back 2 years for active members RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females for Annuitants RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 for females for disabled annuitants
Expected Remaining Service Lives	4 years for Plan B
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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, 2016 valuation was 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.

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, 2016 are summarized in the following table:

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50 %	2.6 %
Public Fixed Income	35 %	1.8 %
Alternatives	15 %	0.8 %
Totals	100 %	5.2 %
Inflation		2.5 %
Nominal Return		7.6%

The discount rate used to measure the total pension liability was 7.50%. 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:

	<u>1% Decrease 6.50 % Discount Rate</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50 % Discount</u>
Net Pension Liability	\$ 629,765	\$ 486,821	\$ 364,859

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 retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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

Funding Policy. Plan members are required by state statute to contribute 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, 2016 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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 937,281,735
Town's Proportionate Share (Percentage)	<u>0.0304011</u>
Town's Proportionate Share (Amount)	<u>\$ 284,944</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, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 242,619
Employer Contributions	(25,148)
<u>Pension Expense</u>	
Amortization	26,763
Proportionate Share of Plan Pension Expense	36,285
Changes in Benefit Terms	----
Employee Contributions	<u>(5,656)</u>
Change in Deferred Outflows of Resources	8,108
Change in Deferred Inflows of Resources	<u>1,973</u>
Ending Net Pension Liability	<u>\$ 284,944</u>

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

There were no changes between December 31, 2016 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	4,533	\$ (4,533)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	43,845	----	43,845
Changes of Assumptions	13,854	17	13,837
Changes in Proportion	28,420	4,376	24,044
Employer Contributions Made After the Measurement Date	25,148	----	25,148
Total Deferrals	111,267	8,926	102,341
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(25,148)	----	(25,148)
Deferrals Subject to Amortization	\$ 86,119	\$ 8,926	\$ 77,193

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

<u>For the Year Ending:</u>	
June 30, 2017	\$ 38,496
June 30, 2018	11,207
June 30, 2019	16,355
June 30, 2020	11,135
Total	\$ 77,193

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, 2016
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.5% per annum
Expected Remaining Service Lives	4 Years

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

Inflation Rate 2.875 % per annum

Actuarial Assumptions:

Investment Rate of Return 7.5%, net of investment expense

Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75 %
	3-23	4.75 %
	Over 23	4.25 %

Mortality	Healthy Annuitants/ Beneficiaries	RP-2000 Combined Health w/ Blue Collar Adj. Sex Distinct Table, Back 1 yr. F
-----------	--------------------------------------	--

Disabled Annuitants	RP-2000 Disabled Lives Table; Back 5 yrs. M, 3 yrs. F
---------------------	--

Active Members	RP-2000 Employee Table; Back 4 Yrs. M, 3 Yrs. F
----------------	--

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

The discount rate used to measure the total pension liability was 7.5%. 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

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53.00 %	3.69 %
Fixed Income	21.00 %	0.49 %
Alternatives	20.00 %	1.11 %
Other	6.00 %	0.21 %
Totals	100.00 %	5.50 %
Inflation		2.75 %
Nominal Return		8.25 %

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 6.5% Discount Rate</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5 % Discount</u>
Net Pension Liability	\$ 379,854	\$ 284,944	\$ 205,257

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	\$ 48,826
Liabilities Payable from Restricted Assets	---
<u>Total Restricted Retained Earnings</u>	<u>\$ 48,826</u>

The Town also operates a municipal airport on property that was originally provided by Federal sources. Restrictions imposed by the donor require resources generated by the property to be used solely for operation of the Airport and maintenance of the property. Accordingly, resources held by the Municipal Airport Fund in the amount of \$178,492 have been classified as restricted.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

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 are not loans 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 deed a restriction that encumbered the property. As consideration for the release of the deed restriction, the FAA required compensation for the Town's Municipal Airport. The Town agreed to provide compensation by transferring funds from the Utility System to the Municipal Airport. Under the terms of this arrangement, funds were required to be transferred in annual installments of \$19,800. Furthermore, the annual transfers must be completed for a period of ten consecutive years beginning March 31, 2000. During 2009, the Town paid its final payment on this obligation.

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

UTILITY SERVICE COMMITMENT

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

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2016

\$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

For the year ended December 31, 2016, internal activity is summarized as follows:

	<u>Internal Balances</u>	<u>Internal Transfers</u>
Advances	\$ ----	\$ ----
Due From (To) Other Funds	----	----
Operating Transfers	----	660,605
<hr/>		
Total	----	660,605
Internal Eliminations	----	----
<hr/>		
Net Total	\$ ----	\$ 660,605

Further details regarding internal activity are provided as follows:

NOTE 13 – DONATED PROPERTY

On August 30, 2010 James and Claudia Balfour donated a property located at 3911 Hwy 8, Pollock, Louisiana to the Town. The property includes a building and approximately four acres of land. The appraised value of this property was \$140,000. The only deed restriction placed on the property is that the property must be used for any public purpose. The Town decided to renovate the building and use the property as a New Town Hall municipal building. As of December 31, 2013 renovation of the property was completed.

NOTE 14 – GRANT REVENUES

The Town received an LGAP Grant for Fire Hydrants in the amount of \$28,750. The Grant funds were received in 2016 and the project was completed. These were not federal funds.

Town of Pollock

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Year Ended December 31, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget	% Variance
	Original	Final		Positive (Negative)	
<u>Revenues:</u>					
Taxes:					
Ad valorem	\$ -	\$ -	\$ -	\$ -	
Sales	50,000	60,000	57,978	(2,022)	
Franchise taxes	20,000	21,000	20,593	(407)	
Licenses & permits:	37,500	37,500	37,422	(78)	
Intergovernmental	10,000	15,000	18,560	3,560	
Fines and forfeitures	300,000	190,000	195,162	5,162	
Interest	1,000	850	-	(850)	
Grants	-	15,000	-	(15,000)	
Other	20,000	35,000	59,415	24,415	
Total revenues	438,500	374,350	389,130	14,780	3.95%
<u>General Government:</u>					
Current					
General government	300,700	543,200	258,847	284,353	
Public safety- police department	258,100	375,400	324,706	50,694	
Sanitation	3,200	3,200	-	3,200	
Streets	-	-	7,567	(7,567)	
Capital expenditures	-	-	44,196	(44,196)	
Total expenditures	562,000	921,800	635,316	286,484	31.08%
Excess (Deficiency) of					
Revenues Over Expenditures	(123,500)	(547,450)	(246,186)	301,264	
<u>Other Financing Sources (Uses):</u>					
Operating transfers in	160,000	533,346	660,605	127,259	
Operating transfer out	-	-	-	-	
Net Change in Fund Balances	36,500	(14,104)	414,419	428,523	
Fund Balance (Deficit) -					
Beginning of Year	28,749	14,104	14,104	-	
Fund Balance (Deficit) -					
End of Year	\$ 65,249	\$ -	\$ 428,523	\$ 428,523	

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%
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%

Notes to Schedule

At the present time, management has not identified any factors that are expected to significantly affect trends in the amount 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%
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%

Town of Pollock

Schedule of Compensation Paid to Board Members For the year ended December 31, 2016

Jerome Scott, Mayor	\$ 9,000
Deborah Tumminello	3,000
Sharon Zeh	3,000
R. Wilkins, Sr.	3,000
June "Penny" Johnson	3,000
Randy Estes	<u>3,000</u>
Total	<u><u>\$ 24,000</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, 2016

Jerome
Scott

Purpose

Salary

\$ 9,000

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

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA
RETIRED - 2005

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

June 1, 2017

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, 2016, 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 June 1, 2017.

Internal Control Over Financial Reporting

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

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

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

-Members-

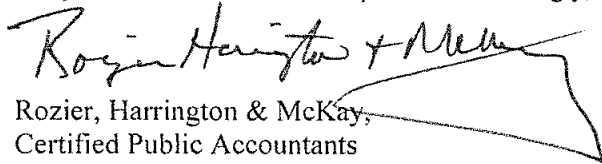
American Institute of Certified Public Accountants • Society of Louisiana, CPAs

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Pollock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. This finding is described in the accompanying schedule of findings and questioned costs as 2016-1.

PURPOSE OF THIS REPORT

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


Rozier, Harrington & McKay,
Certified Public Accountants

Alexandria, Louisiana
June 1, 2017

TOWN OF POLLOCK

Schedule of Findings and Questioned Cost For the Year Ended December 31, 2016

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, 2016 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed one instance (2016-1) of noncompliance that is considered to be material to the financial statements of the Town of Pollock.

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

- Finding 2016-1: Improper Payment of Benefits – In the current year, the Town of Pollock continued payment of health insurance benefits for two employees after they had ended their employment with the Town.

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

- N/A

Town Of Pollock
Management's Corrective Action Plan
December 31, 2016

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	RESPONSE:
<p><u>Finding 2016-1: Improper Payment of Benefits:</u> In the current year, the Town of Pollock continued payment of health insurance benefits for two employees after they had ended their employment with the Town.</p>	<p><u>Response:</u> We have implemented new controls insuring that health insurance premiums will only be paid on behalf of current employees of the town.</p>
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
A single audit was not required.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A

Town Of Pollock
Summary of Prior Year Findings and Questioned Costs
December 31, 2016

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
Finding 2015-1: General Fund Budget Violation: In the current year General Fund actual expenses exceeded budgeted expenses by 5.13%.	Resolved.
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
A single audit was not required.	Response – N/A
SECTION III MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A