

**TOWN OF POLLOCK**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Release Date SEP 05 2012

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report . . . . .	1 - 2
<b>Required Supplemental Information (Part I)</b>	
Management's Discussion And Analysis.....	3 - 6
<b>Government-Wide Financial Statements</b>	
Statement Of Net Assets .....	7
Statement Of Activities .. . . . .	8
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet .. . . . .	9
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets . . . . .	10
Statement of Revenues, Expenditures and Changes in Fund Balance.....	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities... . . . .	12
<b>Proprietary Funds</b>	
Statement of Net Assets ... ..	13
Statement of Revenues, Expenditures and Changes in Fund Net Assets .... . . . .	14
Statement of Cash Flows.....	15 - 16
Notes To Financial Statements .....	17 - 31
<b>Required Supplemental Information (Part II)</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) General Fund .. . . . .	32 - 33
<b>Other Supplemental Information</b>	
Schedule of Per Diem Paid to Board Members ....	34
<b>Independent Auditors' Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> ... . . . .</b>	
	35 - 36
Schedule Of Findings And Questioned Cost.... . . . .	37
Management's Corrective Action Plan.. . . . .	38
Summary of Prior Year Findings And Questioned Cost . . . . .	39

# ROZIER, HARRINGTON & MCKAY

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**RETIRED - 2005**

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June 26, 2012

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

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Pollock's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and each major fund of the Town of Pollock, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding

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the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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 Schedule of Per Diem Paid to Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Per Diem Paid to Board Members has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2012, on our consideration of Pollock's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

# **Town of Pollock**

## ***Management's Discussion And Analysis***

***December 31, 2011***

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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, 2011

### **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, 2011**

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- **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 detail 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 ASSETS**

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

	<b>December 31, 2011</b>			<b>December 31, 2010</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 168,377	\$ 1,641,705	\$ 1,810,082	\$ 1,691,520
Internal Balances	( 63,794)	63,794	—	—
Capital Assets	568,238	10,788,551	11,356,789	11,490,595
<b>Total Assets</b>	<b>672,821</b>	<b>12,494,050</b>	<b>13,166,871</b>	<b>13,182,115</b>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	17,003	160,460	177,463	212,328
Long-term Liabilities	—	3,011,334	3,011,334	3,419,690
<b>Total Liabilities</b>	<b>17,003</b>	<b>3,171,794</b>	<b>3,188,797</b>	<b>3,632,018</b>
<b><u>Net Assets:</u></b>				
Invested in Capital Assets (Net)	568,238	7,724,868	8,293,106	8,005,951
Restricted – Debt Service	—	758,415	758,415	1,049,268
Restricted- Airport Operations	—	307,455	307,455	—
Unrestricted	87,580	531,518	619,098	494,878
<b>Total Net Assets</b>	<b>\$ 655,818</b>	<b>\$ 9,322,256</b>	<b>\$ 9,978,074</b>	<b>\$ 9,550,097</b>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (83.11%) are invested in capital assets. Net assets invested in capital assets consist 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 assets (7.60%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources. An additional portion of the net assets (3.09%) are subject to restrictions that the

# **Town of Pollock**

## ***Management's Discussion And Analysis***

***December 31, 2011***

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funds be used for Airport Operations. The remaining unrestricted net assets (6 2%) may be used to meet the Town's ongoing obligations to citizens and creditors.

### **CHANGES IN NET ASSETS**

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

	<b>For the Year Ended December 31, 2011</b>			<b>For the</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Year Ended December 31, 2010</b>
<b><u>Revenues:</u></b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 264,894	\$ 1,660,482	\$ 1,925,376	\$ 1,569,343
Operating Grants and Contributions	---	---	---	12,895
Capital Grants and Contributions	---	177,136	177,136	204,687
<b>General Revenue:</b>				
Property Taxes	13,216	---	13,216	13,081
Sales Taxes	80,500	---	80,500	54,806
Franchise Taxes	19,363	---	19,363	20,381
Licenses and Permits	36,994	---	36,994	39,528
Other	11,583	11,545	23,128	31,143
<b>Total Revenue</b>	<b>426,550</b>	<b>1,849,163</b>	<b>2,275,713</b>	<b>2,200,814</b>
<b><u>Program Expenses:</u></b>				
General Government	271,654	---	271,654	255,582
Public Safety – Police Department	253,260	---	253,260	224,613
Public Works – Roads and Bridges	1,160	---	1,160	14,400
Sanitation	19,151	---	19,151	21,662
Utility System	---	1,298,301	1,298,301	1,322,958
Airport	---	4,210	4,210	20,153
<b>Total Expenses</b>	<b>545,225</b>	<b>1,302,511</b>	<b>1,847,736</b>	<b>1,859,368</b>
<b>Excess (Deficiency) Before Transfers and Special Items</b>	<b>(118,675)</b>	<b>546,652</b>	<b>427,977</b>	<b>341,446</b>
<b>Transfers</b>	<b>131,239</b>	<b>(131,239)</b>	<b>---</b>	<b>---</b>
<b>Change in Net Assets</b>	<b>12,564</b>	<b>415,413</b>	<b>427,977</b>	<b>341,446</b>
<b>Net Assets Beginning</b>	<b>643,254</b>	<b>8,906,843</b>	<b>9,550,097</b>	<b>9,208,651</b>
<b>Net Assets Ending</b>	<b>\$ 655,818</b>	<b>9,322,256</b>	<b>\$ 9,978,074</b>	<b>\$ 9,550,097</b>

Governmental activities increased the Town's net assets by \$12,564. Business-type activities increased the Town's net assets by \$415,413.

# **Town of Pollock**

## ***Management's Discussion And Analysis***

***December 31, 2011***

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### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

The Town's governmental funds reported a combined fund balance of \$655,818, which represents an increase of \$12,564 in comparison to the previous balance. Differences between fund balances and net assets reported for governmental activities are attributable to including capital assets in the determination of net assets.

The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$22,781, which represents an increase of \$23,908 in comparison to the previous balance.

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 utilize revenue that was not anticipated when the original budget was prepared. In the current year the Town's Revenues exceeded budgeted amounts by \$74,149. The Town's expenses exceeded budgeted expenses by \$22,688. Budget variances are within the acceptable range.

### **CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended December 31, 2011 was limited fence installation, a shredder, a street sweeper, tree planting and land preparation work, police radios, tasers, security system, police car, an air compressor, a utility trailer, a water fountain, painting of the water storage tank, sewer spreader, sewer vacuum, lift station repairs, a lawn mower, ground storage tank work, and generator work that was in process at December 31, 2011.

### **DEBT ADMINISTRATION**

In January 2010 the Town gave its final approval for the construction of a \$530,000 ground storage tank. This new tank will replace an old outdated tank. The town has been given approval to borrow the \$530,000 needed to complete this project. As of December 31, 2010 the balance borrowed of this amount was \$371,000. Principal payments for the year totaled \$371,000, which represented the full balance outstanding at the beginning of the year. This loan was paid in full in the current year.

# **Town of Pollock**

## **STATEMENT OF NET ASSETS**

**December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 153,701	\$ 674,598	\$ 828,299
Receivables	14,676	201,016	215,692
Restricted Cash	-	766,091	766,091
Internal balances	(63,794)	63,794	-
Capital assets			
Non depreciable capital assets	192,282	31,665	223,947
Donated Property	140,000	-	140,000
Depreciable capital assets, net	<u>235,956</u>	<u>10,756,886</u>	<u>10,992,842</u>
<b>Total assets</b>	<u>672,821</u>	<u>12,494,050</u>	<u>13,166,871</u>
<b><u>LIABILITIES</u></b>			
Accounts and other payables	17,003	61,253	78,256
Deposits due others	-	39,182	39,182
Payable from restricted assets			
Accrued interest payable	-	7,676	7,676
Long-term liabilities-portion due within one year	-	52,349	52,349
Long-term liabilities - due in more than one year	-	<u>3,011,334</u>	<u>3,011,334</u>
<b>Total liabilities</b>	<u>17,003</u>	<u>3,171,794</u>	<u>3,188,797</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	568,238	7,724,868	8,293,106
Restricted for:			
Debt service	-	758,415	758,415
Airport operations	-	307,455	307,455
Unrestricted	<u>87,580</u>	<u>531,518</u>	<u>619,098</u>
<b>Total net assets (deficit)</b>	<u>\$ 655,818</u>	<u>\$ 9,322,256</u>	<u>\$ 9,978,074</u>

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

# Town of Pollock

## **STATEMENT OF ACTIVITIES**

**Year ended December 31, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Business- Type Activities		Total
					Governmental Activities	Business- Type Activities	
<b>Governmental Activities:</b>							
General government	\$ 271,654	\$ 90	\$ -	\$ -	\$ (271,564)	\$ -	\$ (271,564)
Public safety - police department	253,260	264,804	-	-	11,544	-	11,544
Streets, Drainage and Recreation	1,160	-	-	-	(1,160)	-	(1,160)
Sanitation	19,151	-	-	-	(19,151)	-	(19,151)
Total governmental activities	545,225	264,894	-	-	(280,331)	-	(280,331)
<b>Business-Type Activities:</b>							
Utility System	1,298,301	1,659,182	-	177,136	-	538,017	538,017
Municipal Airport	4,210	1,300	-	-	-	(2,910)	(2,910)
Total business-type activities	1,302,511	1,660,482	-	177,136	-	535,107	535,107
Total primary government	\$ 1,847,736	\$ 1,925,376	\$ -	\$ 177,136	(280,331)	535,107	254,776

**General Revenues:**

**Taxes:**

Ad valorem	13,216	-	13,216
Sales taxes	80,500	-	80,500
Franchise	19,363	-	19,363
Licenses and permits	36,994	-	36,994
Miscellaneous	11,583	11,545	23,128
Internal transfers	131,239	(131,239)	-
Total general revenues	292,895	(119,694)	173,201
Change in net assets	12,564	415,413	427,977
Net assets beginning	643,254	8,906,843	9,550,097
Net assets ending	\$ 655,818	\$ 9,322,256	\$ 9,978,074

# **Town of Pollock**

## **Balance Sheet Governmental Funds - December 31, 2011**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 88,902	\$ 64,799	\$ -	\$ 153,701
Receivables (net)	14,676	-	-	14,676
<b>Total assets</b>	<b>\$ 103,578</b>	<b>\$ 64,799</b>	<b>\$ -</b>	<b>\$ 168,377</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 17,003	\$ -	\$ -	\$ 17,003
Interfund payables	-	-	-	-
Advances from other funds	63,794	-	-	63,794
<b>Total liabilities</b>	<b>80,797</b>	<b>-</b>	<b>-</b>	<b>80,797</b>
<b>Fund Balance</b>				
Assigned				
Capital Projects Funds	-	64,799	-	64,799
Unassigned				
General Fund	22,781	-	-	22,781
<b>Total Fund Balances</b>	<b>22,781</b>	<b>64,799</b>	<b>-</b>	<b>87,580</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 103,578</b>	<b>\$ 64,799</b>	<b>\$ -</b>	<b>\$ 168,377</b>

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 Assets of Governmental Activities on the Statement of Net Assets**

**Year Ended December 31, 2011**

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Total Fund Balances- Governmental Funds	\$ 87,580
Amounts reported for governmental activities in the statement of net assets are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>568,238</u>
Net Assets of Governmental Activities	<u>\$ 655,818</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, 2011**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
<b>Taxes</b>				
Ad valorem	\$ 13,216	\$ -	\$ -	\$ 13,216
Sales	80,500	-	-	80,500
Franchise taxes	19,363	-	-	19,363
Licenses & permits.	36,994	-	-	36,994
Intergovernmental	10,840	-	-	10,840
Fines and forfeitures	254,054	-	-	254,054
Other	11,583	-	-	11,583
<b>Total Revenues</b>	<b>426,550</b>	<b>-</b>	<b>-</b>	<b>426,550</b>
<b><u>Expenditures:</u></b>				
<b>Current</b>				
General government	259,989	-	-	259,989
Public safety - police department	236,364	-	-	236,364
Streets	1,160	-	-	1,160
Sanitation	19,151	-	-	19,151
Capital expenditures	103,078	-	-	103,078
<b>Total Expenditures</b>	<b>619,742</b>	<b>-</b>	<b>-</b>	<b>619,742</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	<b>(193,192)</b>	<b>-</b>	<b>-</b>	<b>(193,192)</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Operating transfers in	217,100	-	-	217,100
Operating transfers out	-	(85,861)	-	(85,861)
<b>Net Change in Fund Balances</b>	<b>23,908</b>	<b>(85,861)</b>	<b>-</b>	<b>(61,953)</b>
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<b>(1,127)</b>	<b>150,660</b>	<b>-</b>	<b>149,533</b>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<b>\$ 22,781</b>	<b>\$ 64,799</b>	<b>\$ -</b>	<b>\$ 87,580</b>

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, 2011**

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Net change in fund balances of Governmental Funds	\$ (61,953)
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.	<u>74,517</u>
Change in net assets of governmental activities	<u>\$ 12,564</u>

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

# **Town of Pollock**

## **Statement of Net Assets**

### **Proprietary Funds - December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 431,848	\$ 242,750	\$ 674,598
Receivables (net)	200,105	911	201,016
Total current assets	631,953	243,661	875,614
Restricted Assets			
Cash and cash equivalents			
Debt service	766,091	-	766,091
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	63,794	63,794
Non depreciable assets	31,665	-	31,665
Depreciable assets (net)	10,698,266	58,620	10,756,886
Total assets	12,127,975	366,075	12,494,050
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts and other payable	61,253	-	61,253
Interfund Payables	-	-	-
Deposits due others	39,182	-	39,182
Total current liabilities	100,435	-	100,435
Liabilities Payable From Restricted Assets			
Accrued interest payable from restricted assets	7,676	-	7,676
Current portion of long-term debt	52,349	-	52,349
Noncurrent Liabilities:			
Advances from other funds	-	-	-
Long-term debt	3,011,334	-	3,011,334
Total liabilities	3,171,794	-	3,171,794
<b>NET ASSETS.</b>			
Invested in capital assets, net of related debt	7,666,248	58,620	7,724,868
Restricted for			
Debt service	758,415	-	758,415
Airport operations	-	307,455	307,455
Unrestricted	531,518	-	531,518
Total net assets (deficit)	\$ 8,956,181	\$ 366,075	\$ 9,322,256

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

# **Town of Pollock**

## **Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<b><u>Operating Revenues:</u></b>			
Charges for services	\$ 1,647,619	\$ 1,300	\$ 1,648,919
Other	11,563	-	11,563
<b>Total Operating Revenues</b>	<b>1,659,182</b>	<b>1,300</b>	<b>1,660,482</b>
<b><u>Operating Expenses:</u></b>			
Depreciation	408,946	4,210	413,156
Insurance	46,360	-	46,360
Legal and professional	40,499	-	40,499
Other	23,596	-	23,596
Payroll taxes and benefits	74,535	-	74,535
Repairs and maintenance	153,184	-	153,184
Salaries and wages	251,347	-	251,347
Utilities and telephone	149,730	-	149,730
<b>Total Operating Expenses</b>	<b>1,148,197</b>	<b>4,210</b>	<b>1,152,407</b>
<b>Operating Income (Loss)</b>	<b>510,985</b>	<b>(2,910)</b>	<b>508,075</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Interest income	9,457	2,088	11,545
Interest expense	(150,104)	-	(150,104)
Contributed Capital	177,136	-	177,136
<b>Change in Net Assets Before Contributions and Transfers</b>	<b>547,474</b>	<b>(822)</b>	<b>546,652</b>
<b><u>Special Items and Transfers:</u></b>			
Operating Transfers In (Out)	(106,646)	(24,593)	(131,239)
<b>Change in net assets</b>	<b>440,828</b>	<b>(25,415)</b>	<b>415,413</b>
<b>Total net assets - beginning</b>	<b>8,515,353</b>	<b>391,490</b>	<b>8,906,843</b>
<b>Total net assets - ending</b>	<b>\$ 8,956,181</b>	<b>\$ 366,075</b>	<b>\$ 9,322,256</b>

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

# **Town of Pollock**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<b><u>Cash flow from operating activities:</u></b>			
Cash received from customers	\$ 1,600,279	\$ 1,300	\$ 1,601,579
Cash payments to suppliers of goods and services	(517,476)	-	(517,476)
Cash payments to employees for services	(251,347)	-	(251,347)
Net cash provided (used) by operating activities	<u>831,456</u>	<u>1,300</u>	<u>832,756</u>
<b><u>Cash flows from non-capital financing activities:</u></b>			
Repayment of advance	-	26,592	26,592
Change in due to from other funds	-	-	-
Operating transfers out	(106,646)	(24,593)	(131,239)
Ad valorem taxes	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(106,646)</u>	<u>1,999</u>	<u>(104,647)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Capital Expenditures	(204,833)	-	(204,833)
Debt Proceeds	-	-	-
Contributed Capital	177,136	-	177,136
Change in Accrued Loan Interest	(2,044)	-	(2,044)
Principle paid on long-term debt	(420,961)	-	(420,961)
Interest paid on long-term debt	(150,104)	-	(150,104)
Net cash provided (used) by capital and related financing activities	<u>(600,806)</u>	<u>-</u>	<u>(600,806)</u>
<b><u>Cash flows from investing activities:</u></b>			
Interest and other income	<u>9,457</u>	<u>2,088</u>	<u>11,545</u>
Net cash provided (used) by investing activities	<u>9,457</u>	<u>2,088</u>	<u>11,545</u>
Net increase (decrease) in cash	133,461	5,387	138,848
Beginning cash balance	<u>1,064,478</u>	<u>237,363</u>	<u>1,301,841</u>
Ending cash balance	1,197,939	242,750	1,440,689
Less restricted cash and cash equivalents	<u>766,091</u>	<u>-</u>	<u>766,091</u>
Cash and cash equivalents	<u>\$ 431,848</u>	<u>\$ 242,750</u>	<u>\$ 674,598</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, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Utility</u>	<u>Municipal</u>	<u>Total</u>
	<u>System</u>	<u>Airport</u>	
<b><u>Reconciliation of operating income (loss)</u></b>			
<b><u>to net cash</u></b>			
Operating income (loss)	\$ 510,985	\$ (2,910)	\$ 508,075
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	408,946	4,210	413,156
(Increase) decrease in accounts receivable	(61,380)	-	(61,380)
(Decrease) increase in accounts and other payables	(29,572)	-	(29,572)
(Decrease) increase in mater deposits	<u>2,477</u>	<u>-</u>	<u>2,477</u>
Net cash provided (used) by operating activities	<u>\$ 831,456</u>	<u>\$ 1,300</u>	<u>\$ 832,756</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended December 31, 2011, the Airport Fund reduced the amount reported as an advance receivable from the general fund by \$26,593 in exchange for services performed by the the General Fund. There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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### **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 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) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Pollock for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. 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, 2011***

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### **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. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

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 Assets 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.

**Capital Outlay** – The capital outlay fund is a capital project fund used to account for construction projects conducted with funds provided by the State's capital outlay program.

#### **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.

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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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.

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:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
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 account and the current financial resources measure 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 measure 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.

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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### **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 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.

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the Town had \$1,594,390 in deposits (collected bank balance). These deposits are secured from risk by \$138,408 of federal deposit insurance on demand deposits; \$250,000 of federal deposit insurance on the Interest Bearing Accounts for a total of \$388,408 and \$1,701,850 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

### **NOTE 3 - RECEIVABLES**

Receivables at December 31, 2011 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for Services	\$ ---	\$ 193,790
Franchise Taxes	5,250	---
Ad Valorem Taxes	4,074	---
Other	---	7,226
<u>Total Accounts Receivable</u>	<u>9,324</u>	<u>201,016</u>
<u>Due From Other Governments</u>		
Sales Tax	5,352	---
<u>Total Due From Other Governments</u>	<u>5,352</u>	<u>---</u>
<u>Receivables, net</u>	<u>\$ 14,676</u>	<u>\$ 201,016</u>

### **NOTE 4 - LONG-TERM DEBT**

Long-term debt outstanding at year end is described as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
<u>Utility Revenue Bonds</u>	---	3,063,683	3,063,683
<u>Total Obligations</u>	---	3,063,683	3,063,683
<u>Due Within One Year</u>	---	52,349	52,349
<u>Due in More Than One Year</u>	\$ ---	\$ 3,011,334	\$ 3,011,334

Long-term debt activity for the year ended December 31, 2011, is presented as follows:

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
General Obligation Bonds	\$ ---	\$ ---	\$ ---	\$ ---
Utility Revenue Bonds	3,484,644	---	420,961	3,063,683
<b>Total Long-term Debts</b>	<b>\$ 3,484,644</b>	<b>\$ ---</b>	<b>\$ 420,961</b>	<b>\$ 3,063,683</b>

### **GENERAL OBLIGATION AND UTILITY REVENUE BONDS**

At December 31, 2011 the following Bond Issues were outstanding:

	<u>Outstanding Balance</u>	
	<u>Utility Revenue</u>	<u>General Obligation</u>
\$2,525,000 Utility Revenue Bonds, dated May 12, 1999, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of \$11,994 including interest of 4.75% beginning May 12, 2001, final installment due May 12, 2039	2,196,463	---
\$930,000 Utility Revenue Bonds, dated November 11, 2004, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of \$4,222 including interest of 4.5% beginning December 7, 2005, final installment due December 15, 2044	867,220	---
<b>Total</b>	<b>\$ 3,063,683</b>	<b>\$ ---</b>

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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A schedule of maturities of general obligation and utility revenue bonds is presented as follow:

	<u>Utility Revenue</u>	<u>Interest</u>
2012	\$ 52,349	\$ 142,241
2013	54,860	139,731
2014	57,491	137,100
2015	60,249	134,343
2016	63,138	131,453
2017 – 2021	364,128	608,829
2022 – 2026	460,243	512,711
2027 – 2031	581,748	391,204
2032– 2036	735,350	237,604
2037– 2041	503,585	70,105
2042 – 2045	130,542	8,452
<b>Total</b>	<b>\$ 3,063,683</b>	<b>\$ 2,513,773</b>

### **NOTE 5 – CAPITAL ASSETS**

A summary of capital transactions for the year ended December 31, 2011 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Land	\$ 148,864	\$ 43,418	\$ ---	\$ 192,282
Donated Property	140,000	---	---	140,000
Construction in Process	---	---	---	---
<b>Total</b>	<b>288,864</b>	<b>43,418</b>	<b>---</b>	<b>332,282</b>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	262,760	3,313	---	266,073
Vehicles	110,853	---	---	110,853
Furniture, Fixtures and Equipment	83,949	56,347	---	140,296
Accumulated Depreciation	(252,705)	(28,561)	---	(281,266)
<b>Total</b>	<b>204,857</b>	<b>31,099</b>	<b>---</b>	<b>235,956</b>
<b>Total Governmental Activities</b>	<b>\$ 493,721</b>	<b>\$ 74,517</b>	<b>\$ ---</b>	<b>\$ 568,238</b>

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Land and Right of Ways	\$ 20,600	\$ —	\$ —	\$ 20,600
Utility Construction in Process	493,997	47,799	(530,731)	11,065
<b>Total</b>	<b>514,597</b>	<b>47,799</b>	<b>(530,731)</b>	<b>31,665</b>
<b>Depreciable Capital Assets</b>				
Water Distribution System	2,280,620	580,910	—	2,861,530
Wastewater System	1,929,408	106,855	—	2,036,263
Airport Improvements	181,360	—	—	181,360
Prison Utility System	10,671,616	—	—	10,671,616
Accumulated Depreciation	(4,580,727)	(413,156)	—	(4,993,883)
<b>Total</b>	<b>10,482,277</b>	<b>274,609</b>	<b>—</b>	<b>10,756,886</b>
<b>Total Business-Type Activities</b>	<b>\$ 10,996,874</b>	<b>\$ 322,408</b>	<b>\$ (530,731)</b>	<b>\$ 10,788,551</b>

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	\$ 11,665	\$ —	\$ 11,665
Public Safety	16,896	—	16,896
Utility System	—	408,946	408,946
Municipal Airport	—	4,210	4,210
<b>Total Depreciation Expense</b>	<b>\$ 28,561</b>	<b>\$ 413,156</b>	<b>\$ 441,717</b>

### **NOTE 6 - 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, 2011, the Town levied 7.52 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, 2011.

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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### **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.

### **NOTE 8 - PENSION PLAN**

The Town of Pollock's employees are covered by the State Retirement System for municipal employees with the exception of one police officer who is covered by the Municipal Police Employees Retirement System of Louisiana.

In January 2010 the Town joined the State Retirement System for its municipal employees. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

*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.

*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

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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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

One police officer of the Town of Pollock is enrolled in the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to this plan is presented as follows:

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

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

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2011 were equal to the required contributions for the year

### **NOTE 9 - INTERGOVERNMENTAL AGREEMENT**

The Town operates a municipal airport on property that was originally donated by the Federal Government. Since the property was provided by Federal sources, the Federal government retains a degree of oversight responsibility. In the course of exercising its oversight responsibility, the Federal Aviation Administration (FAA) determined that certain monies generated by the Airport property were used to fund non-airport municipal expenditures in violation with its agreements.

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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

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

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

Original Balance – November 11, 1987	\$ 350,899
In-kind payments for the year ended:	
December 31, 1995 through December 31, 2010	(228,512)
December 31, 2011	(24,593)
<u>Cash payments for year 1995 through 2011</u>	<u>(34,000)</u>
<u>Balance-December 31, 2011</u>	<u>\$ 63,794</u>

### **NOTE 10 - RESTRICTED RESOURCES**

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

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

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

Cash	\$ 766,091
Liabilities Payable from Restricted Assets	7,676
<u>Total Restricted Retained Earnings</u>	<u>\$ 758,415</u>

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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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 \$366,075 have been classified as restricted.

### **NOTE 11 – 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 rights of ways in the future. For the years ended December 31, 2002 and 2003, the town received \$260,995 in URAF assistance. The amount of URAF assistance the town has received in years prior to 2002 cannot be presently be determined.

### **NOTE 12 – 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 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 are required to be transferred in annual installments of \$19,800. Furthermore, the annual transfers must be completed for a period of ten consecutive years beginning March 31, 2000. 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

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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

### **NOTE 13 – INTERNAL ACTIVITY**

For the year ended December 31, 2011, internal activity is summarized as follows:

	<u>Internal Balances</u>	<u>Internal Transfers</u>
Advances	\$ 90,387	\$ ---
Due From (To) Other Funds	---	---
Operating Transfers	---	217,100
<hr/>		
Total	90,387	217,100
Internal Eliminations	26,593	85,861
<hr/>		
Net Total	\$ 63,794	\$ 131,239

Further details regarding internal activity are provided as follows.

#### **ADVANCES**

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

The Municipal Airport Fund has provided advances to the General Fund As discussed in Note 9, the original balance of \$350,899 is being eliminated through a formal repayment plan	\$ 63,794
<hr/>	
Total Advances	\$ 63,794

#### **DUE FROM (TO) OTHER FUNDS**

No interfund balances of a short-term nature were reported at December 31, 2011.

# **TOWN OF POLLOCK, LOUISIANA**

## ***Notes To Financial Statements***

***December 31, 2011***

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### **OPERATING TRANSFERS**

Details related to interfund transfers are presented as follows:

As discussed in Note 9, the intergovernmental agreement with the FAA allows certain resources to be transferred from the Municipal Airport Fund to the General Fund	\$ 24,593
The Utility Fund has incurred certain expenses on behalf of the General Fund without expectation of reimbursement.	106,646
<b>Total Operating Transfers In (Out)</b>	<b>\$ 131,239</b>

### **NOTE 14 – 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 is \$140,000. As of December 31, 2011 this property was not placed in service and is not being depreciated in the current year.

### **NOTE 15 – GRANT REVENUES**

During 2011 the Town received grant revenues from various sources. The Town received funding from two grants that are federal funds. The Town was awarded a Community Development Block Grant (CDBG) Gustave/Ike Disaster in the amount of \$111,200. In the current year \$11,066 of these funds were received. Also, in 2011 the Town continued and completed the ground storage tank project funded with American Recovery and Reinvestment Act (ARRA) grant funds awarded in the prior year. Current year receipts for the ARRA Grant were \$94,313. More details on the ARRA Grant are below.

The Town began construction of a ground storage tank in 2010. The Town was authorized to borrow \$530,000 to construct this tank. These borrowings were structured in two bond issues, administered by the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund. The First Loan was the Water Revenue Bond Series 2010 A. This loan was structured to be forgiven as proceeds were received. In 2010 the Town received \$64,687 and in 2011 the Town received \$94,313 on this series and reported this forgiven loan as contributed capital in the respective financial statements. The second loan was Water Revenue Series 2010 B. This was reported as Bonds Payable in the amount of \$371,000 in the 2010 financial statements. This loan was paid off in 2011.

The generator construction funded through the LCDBG and in progress at December 31, 2011 and ground storage tank project funded by the American Recovery and Reinvestment Act (ARRA Funds) which was completed in 2011 are the only source of Federal Funds Expenditures in the current year. In 2011 the Town incurred \$11,066 of Federal Expenditures on the generator construction engineering fees. In 2011 the Town reported ARRA Federal Fund Expenditures of

# **TOWN OF POLLOCK, LOUISIANA**

## **Notes To Financial Statements**

**December 31, 2011**

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\$36,003 in the financial statements. A recap of Federal Grant Fund expenditures on the ARRA project in 2009, 2010 and 2011 and the 2011 recap of Federal Grant Expenditures on the CDBG project are as follows:

	<u>Generator</u>	<u>Ground Storage</u>	
		<u>Tank</u>	<u>Total</u>
2009	\$ ---	\$ 48,666	\$ 48,666
2010	---	445,331	445,331
2011	11,066	36,003	47,069
<u>Totals 2009, 2010 &amp; 2011</u>	<u>\$ 11,066</u>	<u>\$ 530,000</u>	<u>\$541,066</u>

# Town of Pollock

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

#### **Budget (Cash Basis) and Actual (Cash Basis) - Year Ended December 31, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Ad valorem	\$ 9,700	\$ 9,773	\$ 13,216	\$ 3,443
Sales	55,000	69,326	80,500	11,174
Franchise taxes	24,000	23,720	19,363	(4,357)
Licenses & permits	37,500	37,887	36,994	(893)
Intergovernmental	-	53,457	10,840	(42,617)
Fines and forfeitures	206,000	241,822	254,054	12,232
Interest	1,000	978	-	(978)
Other	20,000	55,538	11,583	(43,955)
<b>Total revenues</b>	<b>353,200</b>	<b>492,501</b>	<b>426,550</b>	<b>(65,951)</b>
<b>General Government:</b>				
<b>Current</b>				
General government	211,610	325,147	259,989	65,158
Public safety- police department	199,690	250,720	236,364	14,356
Sanitation	21,280	21,187	19,151	2,036
Streets	-	-	1,160	(1,160)
Capital expenditures	-	-	103,078	(103,078)
<b>Total expenditures</b>	<b>432,580</b>	<b>597,054</b>	<b>619,742</b>	<b>(22,688)</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	<b>(79,380)</b>	<b>(104,553)</b>	<b>(193,192)</b>	<b>(88,639)</b>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	65,000	77,000	217,100	140,100
Operating transfer out	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(14,380)</b>	<b>(27,553)</b>	<b>23,908</b>	<b>51,461</b>
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<b>(1,127)</b>	<b>(1,127)</b>	<b>(1,127)</b>	<b>-</b>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<b>\$ (15,507)</b>	<b>\$ (28,680)</b>	<b>\$ 22,781</b>	<b>\$ 51,461</b>

# **Town of Pollock**

## **General Fund**

### **Notes to Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (Cash Basis) and Actual (Cash Basis) - Year Ended December 31, 2011**

The Town of Pollock adopts its operating budget for the general fund on the cash basis of accounting, which differs from generally accepted accounting principals (GAAP) A reconciliation of the change in fund balance determined using the cash basis of accounting and the change in fund balance based on GAAP is provided as follows

Change in Fund Balance - GAAP Basis		\$ (61,953)
Non Cash Operating Transfers In		(24,593)
Cash Payment to Airport Fund		(2,000)
Accounts Receivable		
Current	(14,676)	
Prior	<u>31,482</u>	16,806
Interfund Receivables		
Current	-	
Prior	<u>-</u>	-
Accounts Payable		
Current	17,003	
Prior	<u>(10,124)</u>	6,879
Interfund Payables		
Current	-	
Prior	<u>-</u>	-
Change in Net Assets - Cash Basis		<u>\$ (64,861)</u>

# **Town of Pollock**

## ***Schedule of Per Diem Paid to Board Members For the year ended December 31, 2011***

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Jerome Scott, Mayor	\$ 9,000
Gregory Decker	3,000
Marwin Johnson	3,000
Charles Butterfield, Jr	3,000
Sharon Zeh	3,000
R Wilkins, Sr	<u>3,000</u>
Total	<u>\$ 24,000</u>

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA  
RETIRED - 2005

### 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 26, 2012

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Pollock, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Town of Pollock's basic financial statements and have issued our report thereon dated June 26, 2012. We conducted our audit in accordance with 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Pollock's internal control over financial reporting as a basis for designing our auditing procedures 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, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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.

-Members-

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Pollock, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

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

Alexandria, Louisiana  
June 26, 2012

# **TOWN OF POLLOCK**

## ***Schedule of Findings and Questioned Cost For the Year Ended December 31, 2011***

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### **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, 2011 and for the year then ended expressed an unqualified opinion.
- The report on internal control did not include any deficiencies.
- The results of the audit disclosed no instances of noncompliance that are 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:**

- N/A

### **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, 2011**

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<b>SECTION I</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b>SECTION II</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
A single audit was not required	Response – N/A
<b>SECTION III</b> <b>MANAGEMENT LETTER</b>	
N/A- No Management Letter issued.	Response – N/A

**Town Of Pollock**  
**Summary of Prior Year Findings and Questioned Costs**  
**December 31, 2011**

<b><u>SECTION I</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>2010-1: TRAFFIC FINES</u></b>  During our test of traffic fines, it was noted that the police were not always writing tickets in numerical sequence.	<b><u>2010-1: RESOLVED</u></b>  The Town changed its method of issuing ticket books to its officers in 2011.
<b><u>SECTION II</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
A single audit was not required.	Response – N/A
<b><u>SECTION III</u></b> <b>MANAGEMENT LETTER</b>	
N/A- No Management Letter issued.	Response – N/A

# ROZIER, HARRINGTON & MCKAY

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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

### Independent Accountant's Report On Applying Agreed-Upon Procedures

June 22, 2012

To Mayor Jerome Scott and Town Council  
Town of Pollock, Louisiana

We have performed the procedures presented in the following sections of this report. We are required by the terms of our engagement to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of the Town of Pollock is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by the management of the Town of Pollock and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Pollock's compliance with certain laws and regulations during the period ended December 31, 2011 included in the *Louisiana Compliance Questionnaire*.

This agreed-upon procedures engagement was performed 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 the 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.

#### **Financial Management**

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons on funds (General Fund, Special Revenue Fund, Utility Fund, etc.) of the entity, during the year under question.

**The Town Clerk has asserted to us that she gives a copy of the financial statements, including budget comparisons to the Mayor and each member of the Town Council**

-Members-

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at the regularly scheduled Town Council meetings. We reviewed the monthly packets distributed to the Mayor and Council members for 2011 and found that financial statements have been included in the packets.

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

**Not applicable. We reviewed the 2011 financial statement for each of the Town's funds and found that no fund that contained a deficit.**

3. Determine if there are written policies and procedures for the following financial/business functions of the entity.

A. Budgeting, including preparing, adopting, monitoring, and amending the budget.

**Not applicable. The Town has not adopted any written policies regarding budgeting or amending the budget. The Town has asserted they follow the Lawrason Act and State Budget Act with regards to budgeting but has not adopted written policies.**

B. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) checks and balances to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

**The Town provided us their written procedures for purchasing. Purchases are initiated by taking the order to the Mayor. All purchases must be approved in advance by the Mayor. The Mayor controls all purchase requisitions and purchase orders, requiring an informal quote if the purchase is to exceed \$50. The policy does not contain procedures for public bid law items nor does it contain approved vendor lists.**

C. Disbursements, including processing, reviewing, and approving

**Not applicable. The Town has not adopted written procedures relating to processing, reviewing and approving disbursements.**

D. Receipts, including receiving, recording, and preparing deposits

**Not applicable. The Town has not adopted written procedure relating to receiving, recording and preparing deposit or cash receipts.**

**Credit Cards**

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

[Note: There are three types of credit cards: (1) general (e.g., VISA, Mastercard, etc.), (2) store (e.g., Wal-Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g. Fuelman, Exxon, etc.)].

**The Town provided us with a listing of all of the credit cards. The only cards owned by Town are gas cards for Town vehicles and equipment. Instead of being listed in the name of a certain person, each card is in the name of the vehicle that purchases gas. Each employee has an individual pin number to identify themselves when the purchase is made.**

2. Obtain and review the entity's written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:
  - How cards are to be controlled
  - Allowable business uses
  - Documentation requirements
  - Required approvers
  - Monitoring card usage

**Not applicable. The Town does not have written policies relating to these gas purchases.**

3. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, select the two monthly bank statements with the largest dollar amount of debit charges.):
  - A. Obtain the entity's supporting documentation for the purchases/charges shown on the selected monthly statements:
    - Determine if each purchase is supported by:
      - An original itemized receipt
      - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
- Determine if each purchase is:
  - In accordance with thresholds or guidelines established in the policies and procedures
  - For and appropriate and necessary business purpose relative to the entity
- Determine if any purchases were made for personal purposes. If there are purchases made for personal purposes, determine the date(s) of reimbursement
- Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

**We obtained the statements for the two largest gas purchases. There was a total of 122 gas charges on the invoices selected for testing. We were provided original receipts for only 45 of these charges. Therefore there were 77 charges not supported by the original invoice. None of the purchases contained documentation for any business purpose. In addition there was no other documentation as required by the policy because no written policy has been adopted.**

**We could not determine if the purchase was within the guideline established because no written policy has been adopted. The invoices contain purchase detail by vehicle or equipment and appear to be appropriate relative to the entity. All of the purchases are for gas purchases and none appear to be for personal purchases. None of the purchases effectively circumvented the entity's normal procurement process or the public bid law.**

- B. Determine if there was any duplication of expenses by comparing all travel and related purchases to the appropriate person's expense reimbursement reports.**

**We compared the expenditures on the gas card statements to the expense reports and found not duplication of expenses.**

- C. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)]**

**The monthly statements were approved by someone other than the person making the purchase.**

D. Determine if finance charges and/or late fees were assessed on the monthly statements.

**Not applicable. There were no finance charges or late fees assessed on the monthly statements.**

**Travel and Expense Reimbursement**

1. Obtain and review the entity's written policies and procedures for travel and expense reimbursements and determine if the following is addressed:
  - a. Allowable Expenses
  - b. Dollar thresholds by category of expense
  - c. Documentation requirements
  - d. Required approvers

**Not applicable. As of December 31, 2011 the Town has not adopted any written policies relating to travel expense reimbursement.**

2. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review, the one person who was reimbursed the most money:

**We obtained a listing of all travel reimbursements made during 2011 and selected the one person who was reimbursed the most money.**

- A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and select the three largest (dollar) expense reports to review in detail (Note: If there are only three or less expense reports, review all (100%) of them.

**We obtained all of the expense report and the supporting documentation for the one who was reimbursed the most money in 2011. We then selected the three largest expense reports to review in detail. The three largest reimbursements were for \$271.80, \$ 149.69, and \$110.35, respectively.**

- Determine if each expenditure is:
  - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.)

**Not applicable. There were no written policies adopted by the Town.**

- In accordance with thresholds or guidelines established in the policies and procedures

**Not applicable. The Town has not adopted any written procedure or guidelines.**

- For an appropriate and necessary business purpose relative to the travel

**The purchases were for meal and expense reimbursement that were appropriate and necessary business purposes.**

- Determine if each expenditure is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)  
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally do not require a receipt]

**Each of the items selected, the original itemized receipt detailing precisely what was purchased was present and agreed to the reimbursement.**

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

**We reviewed the documentation and noted the business purpose and the individuals participating were not found on the receipt.**

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

**Not applicable. The Town does not have any written policy adopted.**

- Determine if any of the expenditures were for personal purposes (e.g., extended hotel stays before or after training class, meals for spouses, entertainment, etc.)

**We reviewed the documentation and found no evidence that any of these expenditures were for personal purposes.**

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**We reviewed the documentation and found that the expense reports were reviewed and approved by someone other than the person receiving the reimbursement.**

**B. Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).**

**We compared the reimbursement documentation to the credit card and found no duplication of expenses.**

**Contracts**

1. Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:

- Types of services requiring written contracts
- Standard terms and conditions
- Legal review
- Approval Process
- Monitoring Process

**Not applicable. The Town has not adopted written policies relating to contracting or leasing.**

2. Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

**Although there are no written policies, the Town has centralized the control and oversight of contracts with the Mayor and Town Clerk.**

3. Obtain and review the accounting records (e.g., general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.) Select the five "vendors" that were paid the most money during the period and for each:

- Determine if there is a formal/written contract that supports the services arrangement and the total amount paid.

**We reviewed the accounting records and identified the five vendors that were paid the most money during 2011. The town has formal contracts with each of the top five "vendors".**

- Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State's website).

**We determined the business legitimacy of each of the vendors.**

4. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services –
- (2) Materials and supplies -
- (3) Public Works –

**We obtained a listing of all active contract and expenditure made during 2011. We selected for detailed review the largest contract in the services and public works categories. There were no contracts for materials and supplies.**

**A. Obtain the selected contracts and the related paid invoices and:**

- Determine if the contract is a related party transaction.

**We reviewed the contract for the items selected and found no related party transactions.**

- Determine if the transaction is subject to the Louisiana Public Bid Law:

**We determined the services contract was not subject to the Louisiana Public Bid Law and the public works contract was subject to the Louisiana Public Bid Law.**

- If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

**For the item subject to the Louisiana Public Bid Law, we determined that the Town complied with all of the requirements.**

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
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**Not Applicable. The Contract was subject to the Louisiana Public Bid Law.**

- Determine if the contract was awarded under the *request for proposals* (RFP) method. If done so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*

**We determined the contract was awarded to the most responsible bidder.**

- Determine if the procurement was made “off” state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If done so, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern

most state agencies' purchases of certain services, materials and supplies, and major repairs.

**Not applicable. The contract was not made off state contract.**

- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If done so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.

**Not applicable. The contract was not related to Homeland Security.**

- Determine if the entity "piggybacked" onto another agency's contract. If done so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contracts price.

**Not applicable. The contract was not piggybacked another agency.**

- Determine if the contract was amended. If done so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment if outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

**Not applicable. The contract was not amended.**

- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.

**We reviewed the accounting records/documentation and determined the invoice and payments complied with the terms and conditions of the contract.**

- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.

**We found no written evidence the Town's legal advisor reviewed the contract.**

- Determine if there is documentation of board approval, if required.

**We reviewed the Town's record and determined the Town Council approved the contract.**

**Payroll and Personnel**

1. Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked.

**Not Applicable. The Town has not adopted written policies or procedures for payroll.**

2. Obtain a listing of employment contracts/agreements in force during the period under examination. Select the largest (dollar amount) employment contract and determine if all payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract.

**Not applicable. There are no employment contracts during 2011.**

3. Select the attendance and leave records for one pay period and :
  - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave )

**We selected the attendance and leave records for one payroll and determined that all employees were properly documenting their time. None of the elected officials were eligible for leave.**

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

**We found that the attendance and leave record were being properly approved.**

- Determine if the entity is maintaining accurate written leave records (e g., hours earned, hours used, and balance available) on all eligible employees.

**We reviewed the leave records and determined that the Town is properly maintaining the written records.**

4. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

**We selected the five highest paid employees and determined that salary changes were approved in writing. Since there is not written policy we could not determine if these changes were made in accordance with the policy.**

5. Select the five largest termination payments (e.g., vacation, sick, compensatory time etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved.

**Not applicable. There were no termination payments in 2011. The town does not pay any termination benefits to employees upon resignation or retirement.**

6. Determine if any employees were also being paid as contract labor during the period of the examination.

**We reviewed the accounting records and found no payments to employees that were also being paid contract labor.**

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Pollock and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and take responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rozier Harrington & McKay,  
Certified Public Accountants



# **Town of Pollock**

## **Management's Corrective Action Plan**

**For the Year Ended December 31, 2011**

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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

**2011-01: Financial Management**

We noted the Town does not have written policies relating to budgeting, disbursements or cash receipts.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**2011-02: Credit Cards**

We noted the Town does not have written policies concerning credit cards and travel reimbursement.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**2011-03: Contracts**

We noted the Town has not adopted policies regarding contracts and public bid law.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.

**2011-04: Payroll and Personnel**

We noted the Town has not adopted written policies relating to payroll.

**Response:**

The Mayor and clerk will review the Legislative Auditor's Best Practices Guidelines and develop procedures to implement written policies.