

TOWN OF POLLOCK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020



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March 18, 2021

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

-Members-

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

*The Honorable Mayor and
Members of the Board of Aldermen
March 18, 2021
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OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pollock, as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

OTHER INFORMATION

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

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive
- Justice System Funding Schedule – Collecting / Disbursing Entity – Cash Basis Presentation

The supplemental information described above is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation Paid to Board Members, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive, and the Justice System Funding Schedule – Collecting / Disbursing Entity – Cash Basis Presentation are fairly stated in all material respects in relation to the basic financial statements as a whole.

*The Honorable Mayor and
Members of the Board of Aldermen
March 18, 2021
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OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021 on our consideration of the Town of Pollock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pollock's internal control over financial reporting and compliance.


Rozier, McKay & Willis
Certified Public Accountants

March 18, 2021
Alexandria, Louisiana

Town of Pollock

Management's Discussion and Analysis

December 31, 2020

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, 2020.

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, 2020**

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

NET POSITION

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

	December 31, 2020			December 31, 2019
	Governmental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 111,184	\$ 3,166,490	\$ 3,277,674	\$ 2,811,140
Internal Balances	----	----	----	----
Capital Assets	2,169,076	9,224,894	11,393,970	11,607,225
Total Assets	<u>2,280,260</u>	<u>12,391,384</u>	<u>14,671,644</u>	<u>14,418,365</u>
Deferred Outflows	206,459	133,595	340,054	244,868
<u>Liabilities:</u>				
Current and Other Liabilities	12,584	168,072	180,656	206,284
Long-term Liabilities	<u>402,560</u>	<u>556,385</u>	<u>958,945</u>	<u>765,312</u>
Total Liabilities	<u>415,144</u>	<u>724,457</u>	<u>1,139,601</u>	<u>971,596</u>
Deferred Inflows	59,076	9,654	68,730	108,986
<u>Net Position:</u>				
Invested in Capital Assets (Net)	2,169,076	9,224,894	11,393,970	11,607,225
Restricted- Airport Operations	----	81,456	81,456	117,823
Unrestricted	<u>(156,577)</u>	<u>2,484,518</u>	<u>2,327,941</u>	<u>1,857,603</u>
Total Net Position	<u>\$ 2,012,499</u>	<u>\$ 11,790,868</u>	<u>\$ 13,803,367</u>	<u>\$ 13,582,651</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (82.54%) is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and any infrastructure acquired after January 1, 2004 less any debt used to acquire the assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. An additional portion of the net position (0.59%) is subject to restrictions that the funds be used for Airport Operations.

Town of Pollock

Management's Discussion and Analysis

December 31, 2020

The remaining unrestricted net position (16.87%) may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

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

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 261,379	\$ 2,092,043	\$ 2,353,422	\$ 2,508,917
Operating Grants and Contributions	18,250	----	18,250	19,750
Capital Grants and Contributions	----	46,986	46,986	389,917
General Revenue:				
Property Taxes	----	----	----	----
Sales Taxes	105,085	----	105,085	68,597
Franchise Taxes	19,172	----	19,172	22,261
Licenses and Permits	40,495	----	40,495	45,273
Other	30,344	11,194	41,538	69,824
Total Revenue	474,725	2,150,223	2,624,948	3,124,539
Program Expenses:				
General Government	340,801	----	340,801	374,284
Public Safety –				
Police Department	338,088	----	338,088	306,116
Public Works –				
Roads and Bridges	12,067	----	12,067	9,065
Sanitation	----	----	----	----
Utility System	----	1,667,729	1,667,729	1,798,001
Airport	----	45,547	45,547	43,868
Total Expenses	690,956	1,713,276	2,404,232	2,531,334
Excess (Deficiency) Before Transfers and Special Items	(216,231)	436,947	220,716	593,205
Transfers	102,738	(102,738)	----	----
Change in Net Position	(113,493)	334,209	220,716	593,205
Net Position Beginning	2,125,992	11,456,659	13,582,651	12,989,446
Net Position Ending	\$ 2,012,499	\$ 11,790,868	\$ 13,803,367	\$ 13,582,651

Town of Pollock

Management's Discussion and Analysis ***December 31, 2020***

Governmental activities decreased the Town's net position by \$113,493. Business-type activities increased the Town's net position by \$334,209.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$98,600 which represents a decrease of \$570 in comparison to the previous balance.

Differences between fund balances and net position reported for governmental activities are attributable to including capital assets in the determination of net position, and the inclusion of long-term retirement obligations.

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

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund is required to adopt a budget and the budget is amended as necessary. For the current year, amendments were necessary to budget for an increase in collection of fines and forfeitures and increases in general government expenditures. These increases in expenses and increases in revenues were not anticipated when the original budget was prepared. In the current year the Town's revenues and other sources were less than budgeted amounts by \$196,586. The Town's expenses and other uses were less than budgeted expenses by \$295,186. Budget variances for revenues and other sources were not within the range allowed by Louisiana Revised Statutes.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2020 was for the purchase of various utility system upgrades. In addition, the Town completed construction of a chlorination system for the utility system.

DEBT ADMINISTRATION

The Town of Pollock had no outstanding debt issuances as of December 31, 2020.

Town of Pollock

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 83,263	\$ 2,736,137	\$ 2,819,400
Receivables	27,921	379,898	407,819
Restricted Cash	-	50,455	50,455
Internal balances	-	-	-
Capital assets			
Non depreciable capital assets	347,407	20,600	368,007
Depreciable capital assets, net	1,821,669	9,204,294	11,025,963
Total assets	<u>2,280,260</u>	<u>12,391,384</u>	<u>14,671,644</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	\$ 206,459	\$ 133,595	\$ 340,054
<u>LIABILITIES</u>			
Cash Overdraft	-	-	-
Accounts and other payables	12,584	117,617	130,201
Retainage Payable	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Deposits due others	-	50,455	50,455
Aggregate Net Pension Liability	402,560	556,385	958,945
Total liabilities	<u>415,144</u>	<u>724,457</u>	<u>1,139,601</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	59,076	9,654	68,730
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	2,169,076	9,224,894	11,393,970
Restricted for:			
Airport operations	-	81,456	81,456
Unrestricted	(156,577)	2,484,518	2,327,941
Total Net Position	<u>\$ 2,012,499</u>	<u>\$ 11,790,868</u>	<u>\$ 13,803,367</u>

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

Town of Pollock

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 340,801	\$ -	\$ -	\$ -	\$ (340,801)	\$ -	\$ (340,801)
Public safety - police department	338,088	261,379	18,250	-	(58,459)	-	(58,459)
Streets, Drainage and Recreation	12,067	-	-	-	(12,067)	-	(12,067)
Sanitation	-	-	-	-	-	-	-
Total governmental activities	<u>690,956</u>	<u>261,379</u>	<u>18,250</u>	<u>-</u>	<u>(411,327)</u>	<u>-</u>	<u>(411,327)</u>
Business-Type Activities:							
Utility System	1,667,729	2,087,843	-	46,986	-	467,100	467,100
Municipal Airport	45,547	4,200	-	-	-	(41,347)	(41,347)
Total business-type activities	<u>1,713,276</u>	<u>2,092,043</u>	<u>-</u>	<u>46,986</u>	<u>-</u>	<u>425,753</u>	<u>425,753</u>
Total primary government	<u>\$ 2,404,232</u>	<u>\$ 2,353,422</u>	<u>\$ 18,250</u>	<u>\$ 46,986</u>	<u>(411,327)</u>	<u>425,753</u>	<u>14,426</u>
General Revenues:							
Taxes:							
Ad valorem					-	-	-
Sales taxes					105,085	-	105,085
Franchise					19,172	-	19,172
Licenses and permits					40,495	-	40,495
Miscellaneous					30,344	11,194	41,538
Internal transfers					102,738	(102,738)	-
Total general revenues					<u>297,834</u>	<u>(91,544)</u>	<u>206,290</u>
Change in Net Position					(113,493)	334,209	220,716
Net Position Beginning					2,125,992	11,456,659	13,582,651
Net Position Ending					<u>\$ 2,012,499</u>	<u>\$ 11,790,868</u>	<u>\$ 13,803,367</u>

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

Town of Pollock

Balance Sheet

Governmental Funds - December 31, 2020

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 83,263	\$ -	\$ -	\$ 83,263
Receivables (net)	\$ 27,921	\$ -	\$ -	\$ 27,921
Interfund Receivables	-	-	-	-
Total assets	\$ 111,184	\$ -	\$ -	\$ 111,184
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 12,584	\$ -	\$ -	\$ 12,584
Interfund payables	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	12,584	-	-	12,584
Fund Balance				
Assigned				
Capital Projects Funds	-	-	-	-
Unassigned				
General Fund	98,600	-	-	98,600
Total Fund Balances	98,600	-	-	98,600
Total Liabilities and Fund Balance	\$ 111,184	\$ -	\$ -	\$ 111,184

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

Town of Pollock

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

Year Ended December 31, 2020

Total Fund Balances- Governmental Funds	\$ 98,600
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,169,076
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	<u>(255,177)</u>
Net Position of Governmental Activities	<u>\$ 2,012,499</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, 2020

	General General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	105,085	-	-	105,085
Franchise taxes	19,172	-	-	19,172
Licenses & permits:	40,495	-	-	40,495
Intergovernmental	18,660	-	-	18,660
Fines and forfeitures	261,329	-	-	261,329
Other	29,985	-	-	29,985
Total Revenues	<u>474,726</u>	<u>-</u>	<u>-</u>	<u>474,726</u>
<u>Expenditures:</u>				
Current				
General government	272,800	-	-	272,800
Public safety - police department	293,166	-	-	293,166
Streets	12,068	-	-	12,068
Capital expenditures	-	-	-	-
Total Expenditures	<u>578,034</u>	<u>-</u>	<u>-</u>	<u>578,034</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(103,308)	-	-	(103,308)
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	102,738	-	-	102,738
Operating transfers out	-	-	-	-
Net Change in Fund Balances	(570)	-	-	(570)
Fund Balance (Deficit) -				
Beginning of Year	<u>99,170</u>	<u>-</u>	<u>-</u>	<u>99,170</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ 98,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,600</u>

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

Town of Pollock

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

Year Ended December 31, 2020

Net change in fund balances of Governmental Funds	\$ (570)
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.	(90,052)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds	<u>(22,871)</u>
Change in net position of governmental activities	<u>\$ (113,493)</u>

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

Town of Pollock

Statement of Net Position

Proprietary Funds - December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Utility	Non-Major	Total
	System	Fund	
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 2,626,944	\$ 109,193	\$ 2,736,137
Receivables (net)	379,443	455	379,898
Restricted Assets:			
Cash and cash equivalents			
Meter Deposits	50,455	-	50,455
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	-	-
Non depreciable assets	20,600	-	20,600
Depreciable assets (net)	9,183,564	20,730	9,204,294
Total assets	12,261,006	130,378	12,391,384
DEFERRED OUTFLOWS:			
Pension funding deferrals	133,595	-	133,595
LIABILITIES:			
Current Liabilities:			
Accounts and other payable	89,425	28,192	117,617
Retainage Payable	-	-	-
Liabilities Payable from Restricted Assets	-	-	-
Interfund Payables	-	-	-
Aggregate Net Pension Liability	556,385	-	556,385
Deposits due others	50,455	-	50,455
Total liabilities	696,265	28,192	724,457
DEFERRED INFLOWS:			
Pension funding deferrals	9,654	-	9,654
NET POSITION:			
Invested in capital assets, net of related debt	9,204,164	20,730	9,224,894
Restricted for:			
Airport operations	-	81,456	81,456
Unrestricted	2,484,518	-	2,484,518
Total net position	\$ 11,688,682	\$ 102,186	\$ 11,790,868

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

Town of Pollock

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Utility System	Non-Major Fund	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 2,082,544	\$ 4,200	\$ 2,086,744
Other	5,299	-	5,299
Total Operating Revenues	2,087,843	4,200	2,092,043
<u>Operating Expenses:</u>			
Depreciation	412,775	4,210	416,985
Insurance	44,168	-	44,168
Legal and professional	31,338	41,337	72,675
Other	105,127	-	105,127
Office	12,455	-	12,455
Payroll taxes and benefits	271,906	-	271,906
Repairs and maintenance	141,557	-	141,557
Salaries and wages	529,906	-	529,906
Utilities and telephone	118,497	-	118,497
Total Operating Expenses	1,667,729	45,547	1,713,276
Operating Income (Loss)	420,114	(41,347)	378,767
<u>Nonoperating Revenues (Expenses):</u>			
Interest income	10,424	770	11,194
Interest expense	-	-	-
Contributed Capital	46,986	-	46,986
Change in Net Position Before Contributions and Transfers	477,524	(40,577)	436,947
<u>Special Items and Transfers:</u>			
Operating Transfers In (Out)	(102,738)	-	(102,738)
Change in net position	374,786	(40,577)	334,209
Total net position - beginning	11,313,896	142,763	11,456,659
Total net position - ending	\$ 11,688,682	\$ 102,186	\$ 11,790,868

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

Town of Pollock

Statement of Cash Flows

Proprietary Funds - Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Utility System	Non-Major Fund	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 1,814,569	\$ 4,200	\$ 1,818,769
Cash payments to suppliers of goods and services	(758,311)	(47,427)	(805,738)
Cash payments to employees for services	(529,906)	-	(529,906)
Changes in Pension Liability	35,321	-	35,321
Net cash provided (used) by operating activities	<u>561,673</u>	<u>(43,227)</u>	<u>518,446</u>
<u>Cash flows from non-capital financing activities:</u>			
Repayment of advance	-	-	-
Change in due to from other funds	-	-	-
Operating transfers in(out)	(102,738)	-	(102,738)
Ad valorem taxes	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(102,738)</u>	<u>-</u>	<u>(102,738)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(293,783)	-	(293,783)
Debt Proceeds	-	-	-
Contributed Capital	46,986	-	46,986
Change in Accrued Loan Interest	-	-	-
Principle paid on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(246,797)</u>	<u>-</u>	<u>(246,797)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	10,424	770	11,194
Net cash provided (used) by investing activities	<u>10,424</u>	<u>770</u>	<u>11,194</u>
Net increase (decrease) in cash	222,562	(42,457)	180,105
Beginning cash balance	2,454,837	151,650	2,606,487
Ending cash balance	2,677,399	109,193	2,786,592
Less restricted cash and cash equivalents	50,455	-	50,455
Cash and cash equivalents	<u>\$ 2,626,944</u>	<u>\$ 109,193</u>	<u>\$ 2,736,137</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, 2020

	Business-Type Activities - Enterprise Funds		
	Utility	Non-Major	Total
	System	Fund	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 420,114	\$ (41,347)	\$ 378,767
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	412,775	4,210	416,985
(Increase) decrease in accounts receivable	(275,229)	-	(275,229)
(Decrease) increase in accounts and other payables	(33,263)	(6,090)	(39,353)
(Decrease) increase in overall pension liability	35,321		35,321
(Decrease) increase in meter deposits	1,955	-	1,955
	<u>561,673</u>	<u>(43,227)</u>	<u>518,446</u>
Net cash provided (used) by operating activities	\$ <u>561,673</u>	\$ <u>(43,227)</u>	\$ <u>518,446</u>

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

FINANCIAL REPORTING ENTITY

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

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

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

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

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

MAJOR BUSINESS-TYPE FUNDS

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

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

BUDGETARY CONTROL

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

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

CASH AND CASH EQUIVALENTS

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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

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

COMPENSATED ABSENCES

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

At December 31, 2020, the Town had \$2,879,534 in deposits (collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance on demand deposits; \$250,000 of federal deposit insurance on the Interest-Bearing Accounts for a total of \$500,000 and \$2,741,768 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 3 – RECEIVABLES

Receivables at December 31, 2020 consisted of the following:

	Governmental	Business-Type
	Activities	Activities
<u>Accounts Receivable</u>		
Charges for Services	\$ ----	\$ 379,443
Franchise Taxes	4,690	----
Ad Valorem Taxes	----	----
Grant	----	----
Other	----	455
Total Accounts Receivable	4,690	379,898
<u>Due From Other Governments</u>		
Sales Tax	23,231	----
Total Due From Other Governments	23,231	----
Receivables, net	\$ 27,921	\$ 379,898

NOTE 4 - LONG-TERM DEBT

The Town of Pollock had no long-term outstanding debt or debt activity for the year ended December 31, 2020.

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

NOTE 5 – CAPITAL ASSETS

A summary of capital transactions for the year ended December 31, 2020 follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 207,407	\$ ----	\$ ----	\$ 207,407
Donated Property	140,000	----	----	140,000
Construction in Process	----	----	----	-
Total	347,407	----	----	347,407
Depreciable Capital Assets				
Buildings and Improvements	2,114,981	----	----	2,114,981
Vehicles	218,116	----	----	218,116
Furniture, Fixtures and Equipment	450,345	----	----	450,345
Accumulated Depreciation	(871,721)	----	90,052	(961,773)
Total	1,911,721	-	90,052	1,821,669
Total Governmental Activities	\$ 2,259,128	\$ -	\$ ----	\$ 2,169,076
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 20,600	\$ ----	\$ ----	\$ 20,600
Utility Construction in Process	443,436	----	443,436	----
Total	464,036	-	443,436	20,600
Depreciable Capital Assets				
Water Distribution System	3,681,620	641,294	----	4,322,914
Wastewater System	2,526,730	95,925	----	2,622,655
Airport Improvements	181,360	----	----	181,360
Prison Utility System	10,751,605	----	----	10,751,605
Accumulated Depreciation	(8,257,255)	----	416,985	(8,674,240)
Total	8,884,060	737,219	416,985	9,204,294
Total Business-Type Activities	\$ 9,348,096	\$ 737,219	\$ 860,421	\$ 9,224,894

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 63,205	\$ ----	\$ 63,205
Public Safety	26,847	----	\$ 26,847
Utility System	----	412,775	\$ 412,775
Municipal Airport	----	4,210	\$ 4,210
Total Depreciation Expense	\$ 90,052	\$ 416,985	\$ 507,037

NOTE 6 – TAXES

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish, if mills are levied. For the year ended December 31, 2020, the Town did not levy any mills for general corporate purposes, though it does have the authority to do so by state law.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2020.

Sales Taxes:

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

NOTE 7 - RISK MANAGEMENT

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

NOTE 8 - PENSION PLANS

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

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

	Net	De ferred	De ferred
	Pension	Outflows of	Inflows of
	Liability	Resources	Resources
Municipal Employees' Retirement System	\$ 651,572	\$ 151,729	\$ 10,964
Municipal Police Employees' Retirement System of Louisiana	307,372	188,323	57,766
Total	958,944	340,052	68,730
Portion Applicable to Government Type Activities	402,558	206,458	59,076
Portion Applicable to Business Type Activities	\$ 556,385	\$ 133,594	\$ 9,654

Municipal Employee's Retirement System of Louisiana

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

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

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

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

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Pollock is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Pollock are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$	90,622,621
Town’s Proportionate Share (Percentage)		0.718995%
Town’s Proportionate Share (Amount)	\$	<u>651,572</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town’s proportionate share of Plan’s net pension liability during the measurement period ending June 30, 2020 are provided as follows:

Beginning Net Pension Liability		\$	619,560
Employer Contributions			(78,903)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	118,208		
Changes in Proportion	28,288		
Changes in Benefit Terms	----		
Employee Contributions	<u>(19,995)</u>	126,501	
Change in Deferred Outflows of Resources		(32,103)	
Change in Deferred Inflows of Resources		<u>16,517</u>	
Ending Net Pension Liability		\$	<u>651,572</u>

There were no changes between December 31, 2020 and the Plan’s measurement date that are expected to have a significant effect on the Town’s proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ -	\$ 10,964	\$ (10,964)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	70,737	----	70,737
Changes of Assumptions	20,194	----	20,194
Changes in Proportion	14,843	----	14,843
Employer Contributions Made After the Measurement Date	<u>45,955</u>	<u>----</u>	<u>45,955</u>
Total Deferrals	151,729	10,964	140,765
Deferrals That Will be Recorded as a Reduction in Net			
Pension Liability in the Subsequent Reporting Period	<u>(45,955)</u>	<u>----</u>	<u>(45,955)</u>
Deferrals Subject to Amortization	<u>\$ 105,774</u>	<u>\$ 10,964</u>	<u>\$ 94,810</u>

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

<u>For the Year Ending:</u>	
June 30, 2020	\$ 44,967
June 30, 2021	23,366
June 30, 2022	16,116
June 30, 2023	<u>10,361</u>
Total	<u>\$ 94,810</u>

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

Actuarial Assumptions:	
Investment Rate of Return	6.95 %, Net of Pension Plan Investment Expense
Inflation Rate	2.5 %
Projected Salary Increases	1 – 4 Years of Service (6.4 % Plan A, 7.4% Plan B) More than 4 years (4.5% Plan A, 4.9% Plan B)
Annuitant and Beneficiary Mortality	PubG – 2010(B) Health Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53 %	2.33 %
Public Fixed Income	38 %	1.67 %
Alternatives	<u>9 %</u>	<u>0.40 %</u>
Totals	100 %	4.40 %
Inflation		2.60 %
Nominal Return		7.00 %

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 5.95 % Discount Rate</u>	<u>Current Discount Rate 6.95%</u>	<u>1% Increase 7.95 % Discount Rate</u>
Net Pension Liability	\$ 867,363	\$ 651,572	\$ 468,982

Municipal Police Employees' Retirement System of Louisiana

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

For members joining the system after January 1, 2013, eligibility for regular retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty Sub Plans. Under the Hazardous

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

Duty sup-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

Funding Policy- Plan members are required by state statute to contribute either 8.0 or 10.0 percent of their annual covered salary, based upon their classification as a Hazardous Duty or Non-Hazardous Duty member, and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2020 were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 924,233,054
Town's Proportionate Share (Percentage)	0.0332570%
Town's Proportionate Share (Amount)	\$ 307,372

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

Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2020 are provided as follows:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

Beginning Net Pension Liability		\$ 145,752
Employer Contributions		(33,462)
Pension Expense		
Changes in Proportion	7,936	
Proportionate Share of Plan Pension Expense	49,456	
Changes in Benefit Terms	----	
Employee Contributions	<u>(7,249)</u>	50,143
Change in Deferred Outflows of Resources		121,202
Change in Deferred Inflows of Resources		<u>23,738</u>
Ending Net Pension Liability		<u>\$ 307,372</u>

There were no changes between December 31, 2020 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 12,107	\$ (12,107)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	36,875	----	36,875
Changes of Assumptions	7,304	7,585	(281)
Changes in Proportion	129,224	38,074	91,150
Employer Contributions Made After the Measurement Date	<u>14,920</u>	----	<u>14,920</u>
Total Deferrals	188,323	57,766	130,557
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(14,920)</u>	----	<u>(14,920)</u>
Deferrals Subject to Amortization	<u>\$ 173,403</u>	<u>\$ 57,766</u>	<u>\$ 115,637</u>

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

<u>For the Year Ending:</u>	
June 30, 2020	\$ 10,027
June 30, 2021	56,246
June 30, 2022	42,359
June 30, 2023	<u>7,005</u>
Total	<u>\$ 115,637</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.950% per annum, net of investment expense	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.50 % per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30 %
	3-Over	4.70 %
Mortality	Healthy Annuitants/ Beneficiaries	PUB-2010, 115% Adj. for M, 125% Adj. for F
	Disabled Annuitants	Pub-2010, 105% Adj. for M, 115% Adj. for F
	Active Members	Pub-2010, 115% Adj. for M, 125% Adj. for F

The actuarial assumptions in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2016. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made for generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50 %	3.08 %
Fixed Income	33.50 %	0.54 %
Alternatives	18.00 %	1.02 %
Other	<u>0.00 %</u>	<u>0.00 %</u>
Totals	100.00 %	4.64 %
 Inflation		 2.55 %
 Nominal Return		 7.19 %

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 5.95% Discount Rate</u>	<u>Current Discount Rate 6.95%</u>	<u>1% Increase 7.95% Discount</u>
Net Pension Liability	\$ 431,825	\$ 307,372	\$ 203,335

NOTE 9 - RESTRICTED RESOURCES

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

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

Cash	\$ 50,455
Grants Receivable - LCDBG	\$ -
Retainage Payable	\$ -
<u>Liabilities Payable from Restricted Assets</u>	<u>(50,455)</u>
<u>Total Restricted Retained Earnings</u>	<u>\$ -</u>

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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 \$81,456 have been classified as restricted.

NOTE 10 – CONTINGENCIES

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

NOTE 11 – ECONOMIC DEVELOPMENT ACTIVITIES

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

PRISON SITE

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

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

UTILITY SERVICE COMMITMENT

The Town has entered into an agreement to provide water and sewer service for the federal prison facility. In order to fulfill this commitment, the Town constructed a new water system and sewer system. Funding for a portion of new utility infrastructure was provided by a tap fee in the amount of \$1,000,000 that was collected from the Bureau of Prisons during 1999. Funding for the remaining

TOWN OF POLLOCK, LOUISIANA

Notes to Financial Statements

December 31, 2020

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

NOTE 12 – INTERNAL ACTIVITY

The Utility System transferred \$102,738 to the General Fund for the year ended December 31, 2020. As there is no expectation of repayment, the amount has been classified as an operating transfer.

NOTE 13 – GRANT REVENUES

During the year ended December 31, 2020 the Town received \$18,577 from the Louisiana Governmental Assistance Program and \$28,409 from the Community Water Enrichment Fund for the installation of automatic flush valves for the Town's water distribution system.

Town of Pollock

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Year Ended December 31, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales	60,000	82,000	105,085	23,085
Franchise taxes	20,000	20,000	19,172	(828)
Licenses & permits:	42,500	42,000	40,495	(1,505)
Intergovernmental	18,000	18,000	18,660	660
Fines and forfeitures	398,000	260,000	261,329	1,329
Interest	100	50	-	(50)
Other	75,000	92,000	29,985	(62,015)
Total revenues	613,600	514,050	474,726	(39,324)
General Government:				
Current				
General government	629,100	543,351	272,800	270,551
Public safety- police department	358,500	326,669	293,166	33,503
Sanitation	3,200	3,200	-	3,200
Streets	-	-	12,068	(12,068)
Capital expenditures	-	-	-	-
Total expenditures	990,800	873,220	578,034	295,186
Excess (Deficiency) of				
Revenues Over Expenditures	(377,200)	(359,170)	(103,308)	255,862
Other Financing Sources (Uses):				
Operating transfers in	380,000	260,000	102,738	(157,262)
Operating transfer out	-	-	-	-
Net Change in Fund Balances	2,800	(99,170)	(570)	98,600
Fund Balance (Deficit) -				
Beginning of Year	-	99,170	99,170	-
Fund Balance (Deficit) -				
End of Year	\$ 2,800	\$ -	\$ 98,600	\$ 98,600

TOWN OF POLLOCK

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2015	0.59%	403,940	208,891	193.4%	76.9%
June 30, 2016	0.59%	486,821	431,495	112.8%	62.1%
June 30, 2017	0.67%	582,922	467,750	124.6%	63.5%
June 30, 2018	0.67%	565,828	514,383	110.0%	65.6%
June 30, 2019	0.71%	619,559	541,408	114.4%	66.1%
June 30, 2020	0.72%	651,572	557,198	116.9%	66.3%
Municipal Police Employees' Retirement System					
June 30, 2015	0.03%	242,619	84,242	288.0%	75.1%
June 30, 2016	0.03%	284,944	81,123	351.3%	66.0%
June 30, 2017	0.03%	261,433	69,680	375.2%	70.08%
June 30, 2018	0.01%	86,739	52,335	165.7%	71.89%
June 30, 2019	0.02%	145,752	52,335	278.5%	71.01%
June 30, 2020	0.03%	307,372	102,714	299.3%	70.94%

Notes to Schedule

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

TOWN OF POLLOCK

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2015	39,167	39,167	-	208,891	18.75%
June 30, 2016	40,992	40,992	-	431,495	9.50%
June 30, 2017	56,909	56,909	-	467,750	12.17%
June 30, 2018	70,114	70,114	-	514,383	13.63%
June 30, 2019	75,777	75,777	-	541,408	14.00%
June 30, 2020	78,008	78,008	-	557,198	14.00%
Municipal Police Employees' Retirement System					
June 30, 2015	26,115	26,115	-	84,242	31.00%
June 30, 2016	25,148	25,148	-	81,123	31.00%
June 30, 2017	21,863	21,863	-	69,680	31.38%
June 30, 2018	16,496	16,496	-	52,335	31.52%
June 30, 2019	16,180	16,180	-	52,335	30.92%
June 30, 2020	33,385	33,385	-	102,714	32.50%

Town of Pollock

Schedule of Compensation Paid to Board Members For the year ended December 31, 2020

Jerome Scott, Mayor	\$ 6,750
Deborah Tumminello (As Mayor)	2,250
Deborah Tumminello (As Councilwoman)	2,250
R. Wilkins, Sr.	3,000
Darlene Thorne	3,000
John Cathey	3,000
Misty Kinn	3,000
Sharon Zeh	750
 Total	 <u>\$ 24,000</u>

Town of Pollock

***Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020***

<u>Purpose</u>	<u>Jerome Scott</u>	<u>Deborah Tumminello</u>
Salary	\$ 6,750	\$ 2,250

Louisiana Law requires reporting compensation, benefits and reimbursements provided for the Agency Head or Chief Executive Officer. Jerome Scott, the elected Mayor of Pollock, passed away during his term. He was succeeded by Deborah Tumminello in an interim capacity.

Town of Pollock

***Justice System Funding Schedule - Collecting / Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session -
Cash Basis Presentation
For the Year Ended December 31, 2020***

	First Six Month Period Ended June 30, 2020	Second Six Month Period Ended December 31, 2020
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fines	145,798	115,531
Subtotal Collections	145,798	115,531
Less: Disbursements to Governments & Nonprofits		
North Louisiana Crime Lab - Court Cost	1,030	630
State of Louisiana - CMIS Assessment	660	496
Louisiana Commission on Law Enforcement - Court Cost	1,294	972
Louisiana Supreme Court Assessment	330	248
Dept. of Health and Hospitals - Head Injury Fund	2,550	2,115
Less: Amounts Retained by Town of Pollock		
Self Disbursed Court Cost	139,934	111,070
Subtotal Disbursements / Retainage	145,798	115,531
Ending Balance of Amounts Collected but not Disbursed	\$ -	\$ -



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

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

March 18, 2021

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Pollock's basic financial statements and have issued our report thereon dated March 18, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did identify one deficiency in internal control (2020-002) that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Pollock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These findings are described in the accompanying schedule of findings as 2020-001, and 2020-003.

-Members-

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

PURPOSE OF THIS REPORT

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



Rozier, McKay & Willis
Certified Public Accountants

Alexandria, Louisiana
March 18, 2021

TOWN OF POLLOCK

Schedule of Findings

For the Year Ended December 31, 2020

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, 2020 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed two instances (2020-001, 2020-003) of noncompliance that are considered to be material to the financial statements of the Town of Pollock.
- The results of the audit disclosed one material weakness over internal controls related to centralized accounting policies (2020-002).

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

Finding 2020-001: Budget Violation

- *Criteria:* For revenues and other sources, state law prohibits unfavorable budget variances from exceeding 5%.
- *Condition:* In the current year, unfavorable variances exceeded 5%.
- *Effect:* The Town was not in compliance with the Louisiana Government Budget Act
- *Cause:* An appropriate amendment was not made to the budget once the Town of Pollock realized that unfavorable variances exceeded 5% of budgeted amounts
- *Recommendation:* The Town of Pollock should implement policies and procedures to ensure that the budget is amended whenever variances exceed amounts allowed by the Louisiana Government Budget Act.

Finding 2020-002: Culture and Recreation Activities

- *Criteria:* The Louisiana Legislative Auditor's Checklist of Best Practices includes the centralization of the disbursement function within the agency.
- *Condition:* The Town operated a separate checking account for a recreational activity. The bank statement was sent to a separate address, and the check signers were different individuals than those typically authorized to sign checks for the Town. In addition, purchase orders weren't required for disbursements from this account, while the Town requires purchase orders for similar transactions
- *Effect:* The Town's internal control, as it relates to the recreational activity, were not implemented in such a way as to prevent and correct potential misstatement on a timely basis

- Cause: The Town did not design or implement proper internal controls over this activity.
- Recommendation: We recommend that the Town subject all transactions to the same centralized accounting policies and procedures

Finding 2020-003: Record Retention

- Criteria: Louisiana Revised Statutes require municipalities to retain Public Records, and requires persons and public bodies having control or custody of any public record to exercise diligence and care in preserving the public record for the period of time specified for such record by the State Archivist.
- Condition: The Town was unable to provide certain public records to the Town Auditor's upon request, as they were unable to be located.
- Effect: The Town was not in compliance with Louisiana Law.
- Cause: The employees responsible for retaining certain files did not follow Louisiana Law, and the Town did not retain custody of some files required to be retained by the Town.
- Recommendation: We recommend that the Town retain all records in accordance with the Town's retention schedule, and in accordance with Louisiana Law.

Town of Pollock
Management's Corrective Action Plan
December 31, 2020

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	RESPONSE:
<p><u>Finding 2020-001: General Fund Budget Violation</u> In the current year, General Fund actual revenues and other sources were less than budgeted amounts by a greater variance than allowed by the Louisiana Local Government Budget Act.</p> <p><u>Finding 2020-002: Culture and Recreation Activities</u> In connection with its traditional culture and recreational activities, the Town conducted an Easter Egg hunt for local children. These operations were conducted in remote locations, and the transactions weren't subjected to the centralized accounting policies and procedures that apply to the Town's typical financial activity.</p> <p><u>Finding 2020-003: Record Retention</u> Louisiana Law requires the Town to keep public records available for inspection for a certain period of time. The Town was unable to provide certain files upon request by the Town Auditors.</p>	<p><u>Response:</u> In the current year, the Town anticipated that the General Fund would need \$260,000 in operating transfers from the Utility Fund for operating expenses and capital projects. However, due to efficient management of our resources, the General Fund only required \$102,738 in operating transfers. In the future we will monitor our budget more closely, to ensure budgetary compliance.</p> <p><u>Response:</u> The Town will ensure in the future that any operation regarding culture or recreation activities are subjected to the same centralized accounting policies and procedures that apply to the Town's typical financial activity.</p> <p><u>Response:</u> The Town will ensure that in the future, all records are retained in accordance with Town policy, and available upon request.</p>
SECTION II	
MANAGEMENT LETTER	
<p><u>ML 2020-001: Safety Deposit Box</u></p> <p>Upon conclusion of audit procedures, Town auditors become aware that the Town maintained a safety deposit box at a local bank. No inventory of items held in the safety deposit box was available upon request. Subsequent to the financial statement date, an employee visited the box, and auditors were unable to verify the purpose of the visit, or whether contents of the box were tampered with, misplaced, or misappropriated.</p>	<p><u>Response:</u></p> <p>The Town Mayor and Town Attorney have inspected the safety deposit box, and made an inventory of its contents. Access to this safety deposit box will be restricted to members of management in the future.</p>

Town of Pollock
Summary of Prior Year Findings
December 31, 2020

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
FINDINGS:	RESPONSE:
<p><u>Finding 2019-1: General Fund Budget Violation</u> In the current year, General Fund actual revenues and other sources were less than budgeted amounts by a greater variance than allowed by the Louisiana Local Government Budget Act.</p> <p><u>Finding 2019-2: Traffic Ticket Administration</u> According to Best Practices promulgated by the Louisiana Legislative Auditor, the supply of ticket books should be safeguarded, and there should be an accounting for the numerical sequence of tickets issued. During the current year, there was a break in the numerical sequence of tickets issued, as a ticket book was in the possession of one of the Town's former officers.</p>	<p><u>Unresolved: See Current Year Finding 2020-1</u></p> <p><u>Resolved</u> In the current year, the Town properly accounted for the numerical sequence of tickets issued.</p>
SECTION II	
MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A