

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2017

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October 18, 2017

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
Town of Boyce, 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 Boyce, as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements 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 fraud or error.

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 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 financial statements are free from 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 presentation of the financial statements.

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

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 Boyce, as of May 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

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

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

Other Supplemental Information

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the Town of Boyce'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 Boyce's internal control over financial reporting and compliance.



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October 18, 2017

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

The Honorable Mayor
And the Board of Alderman
Town of Boyce, 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 Boyce, Louisiana, as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Boyce's basic financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Boyce'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 Boyce's internal control. Accordingly, we do not express an opinion on the effectiveness of Boyce'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

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or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, **Findings 2017-4 and 2017-5**, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce'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 instances of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items **2017-1, 2017-2, and 2017-3**.

Management's Response to Findings

The Town of Boyce's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boyce's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2017

This section of the Town of Boyce's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended May 31, 2017.

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 June 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 police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services 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

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2017

needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility and sanitation services. 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

A comparative analysis of government-wide data is presented as follows:

Net Position

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

	For the Year Ended May 31, 2017			For the Year Ended May 31, 2016
	Governmental Activities	Business-Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 90,814	\$ 440,066	\$ 530,880	\$ 400,373
Capital assets	690,488	3,116,753	3,807,241	3,757,807
Total assets	<u>781,302</u>	<u>3,556,819</u>	<u>4,338,121</u>	<u>4,158,180</u>
Deferred Outflow of Resources	<u>17,739</u>	<u>71,787</u>	<u>89,526</u>	<u>76,482</u>
<u>Liabilities:</u>				
Current and other liabilities	59,314	383,431	442,745	212,060
Long-term liabilities	127,032	457,089	584,121	634,448
Total liabilities	<u>186,346</u>	<u>840,520</u>	<u>1,026,866</u>	<u>846,508</u>
Deferred Inflows of Resources	<u>6,810</u>	<u>27,559</u>	<u>34,369</u>	<u>12,156</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	569,328	2,832,089	3,401,417	3,372,866
Restricted	----	36,179	36,179	33,680
Unrestricted	36,557	(107,741)	(71,184)	(30,548)
Total Net Position	<u>\$ 605,885</u>	<u>\$ 2,760,527</u>	<u>\$ 3,366,412</u>	<u>\$ 3,375,998</u>

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2017

As the presentation appearing above demonstrates, the largest portion of the Town's net position is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets. 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 represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders.

The Town reports a deficit in unrestricted net position as a result of reporting liabilities associated with participation in cost sharing defined benefit pension plans.

Changes in Net Assets

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

	For the Year Ended May 31, 2017			For the Year Ended May 31, 2016
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 20,855	\$ 1,243,765	\$ 1,264,620	\$ 1,303,086
Operating Grants and Contributions	----	----	----	35,490
Capital Grants and Contributions	----	274,203	274,203	26,599
General Revenue:				
Property Taxes	17,455	----	17,455	19,342
Sales Taxes	343,130	----	343,130	352,393
Franchise Taxes	8,376	----	8,376	8,800
Occupational Licenses	53,371	----	53,371	51,582
Miscellaneous	10,220	116	10,336	6,201
Total Revenue	<u>453,407</u>	<u>1,518,084</u>	<u>1,971,491</u>	<u>1,803,493</u>
<u>Program Expenses:</u>				
General Government	153,153	----	153,153	174,668
Public Safety				
Police Department	184,973	----	184,973	217,349
Fire Department	62,233	----	62,233	70,788
Streets and Drainage	176,855	----	176,855	139,966
Recreation	68,227	----	68,227	57,221
Lights	----	558,003	558,003	535,833
Natural Gas System	----	172,452	172,452	149,330

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2017

	For the Year Ended May 31, 2017			For the Year Ended May 31, 2016
	Governmental Activities	Business- Type Activities	Total	
Water	----	223,378	223,378	236,966
Sewer	----	309,869	309,869	295,770
Sanitation	----	71,934	71,934	72,854
Total Expenses	<u>645,441</u>	<u>1,335,636</u>	<u>1,981,077</u>	<u>1,950,745</u>
Increase in Net Position				
Before Transfers	(192,034)	182,448	(9,586)	(147,252)
Transfers	158,603	(158,603)	----	----
Change in Net Position	<u>(33,431)</u>	<u>23,845</u>	<u>(9,586)</u>	<u>(147,252)</u>
Net Position Beginning:	<u>639,316</u>	<u>2,736,682</u>	<u>3,375,998</u>	<u>3,523,250</u>
Net Position Ending	<u>\$ 605,885</u>	<u>\$ 2,760,527</u>	<u>\$ 3,366,412</u>	<u>\$ 3,375,998</u>

Governmental activities decreased the Town's net position by \$33,431. This decrease is due to the Town not receiving any Governmental operating or capital grants and a general decrease in revenues during the current year.

Business-type activities increased the Town's net position by \$182,448. This increase is due to the Town receiving a Community Development Block Grant for water system improvements. Any excess unrestricted resources were transferred to the general fund.

Financial Analysis of the Town's Funds

The Town's governmental funds reported combined fund balances of \$69,885, which represents an increase of \$19,788. The increase is due to the transfer of resources from the business-type activities.

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 general fund is the only fund required by law to adopt a budget. The budget was amended to increase appropriations and expenditures that were not anticipated when the original budget was adopted.

Capital Asset Administration

An analysis of significant matters affecting the Town's funds is presented as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2017

- The equipment purchased in the governmental activities is an 8-foot bush hog, two zero-turn lawn mowers, and a new police vehicle.
- The Town received a Community Development Block Grant for water system improvements. Construction on the improvements began during the current year.

Debt Administration

During the year, the Town entered into two lease-purchase agreements for a new Police vehicle and two zero-turn mowers. The lease proceeds are \$40,876 and \$22,678 respectively. The only other activity related to debt administration was limited to paying amounts contractually due on existing debt.

Factors Expected to Effect Future Operations

There are no significant events that are expected to have a significant influence on future operations.

TOWN OF BOYCE

Statement of Net Position

May 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 20,213	\$ 140,810	\$ 161,023
Receivables (net)	70,601	263,077	333,678
Restricted assets			
Cash and cash equivalents	-	36,179	36,179
Capital Assets			
Non depreciable capital assets	170,007	290,681	460,688
Depreciable capital assets (net)	<u>520,481</u>	<u>2,826,072</u>	<u>3,346,553</u>
Total assets	<u>781,302</u>	<u>3,556,819</u>	<u>4,338,121</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension funding deferrals	<u>17,739</u>	<u>71,787</u>	<u>89,526</u>
<u>LIABILITIES:</u>			
Accounts payable	20,929	241,841	262,770
Deposits due others	-	120,609	120,609
Long-term liabilities			
Compensated Absences	3,315	15,393	18,708
Net Pension Liability	40,942	165,686	206,628
Notes Payable			
Due within one year	38,385	20,981	59,366
Due in more than one year	<u>82,775</u>	<u>276,010</u>	<u>358,785</u>
Total liabilities	<u>186,346</u>	<u>840,520</u>	<u>1,026,866</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pension funding deferrals	<u>6,810</u>	<u>27,559</u>	<u>34,369</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	569,328	2,832,089	3,401,417
Restricted for Debt Service	-	36,179	36,179
Unrestricted	<u>36,557</u>	<u>(107,741)</u>	<u>(71,184)</u>
Total net position	<u>\$ 605,885</u>	<u>\$ 2,760,527</u>	<u>\$ 3,366,412</u>

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

TOWN OF BOYCE

Statement of Activities

Year Ended May 31, 2017

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General government	\$ 153,153	\$ -	\$ -	\$ -	\$ (153,153)
Public safety					
Police	184,973	12,605	-	-	(172,368)
Fire	62,233	-	-	-	(62,233)
Streets & drainage	176,855	-	-	-	(176,855)
Recreation	68,227	8,250	-	-	(59,977)
Total governmental activities	<u>645,441</u>	<u>20,855</u>	<u>-</u>	<u>-</u>	<u>(624,586)</u>
<u>Business-Type Activities:</u>					
Lights	558,003	585,013	-	-	27,010
Natural gas system	172,452	187,832	-	-	15,380
Water	223,378	168,327	-	274,203	219,152
Sewer	309,869	202,340	-	-	(107,529)
Sanitation	71,934	100,253	-	-	28,319
Total Business-Type Activities	<u>1,335,636</u>	<u>1,243,765</u>	<u>-</u>	<u>274,203</u>	<u>182,332</u>
Total Primary Government	<u>\$ 1,981,077</u>	<u>\$ 1,264,620</u>	<u>\$ -</u>	<u>\$ 274,203</u>	<u>\$ (442,254)</u>

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

TOWN OF BOYCE

Statement of Activities (Continued)

Year Ended May 31, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Net (Expenses) Revenue
Net (Expense) Revenues (Continued From Previous Page	\$ (624,586)	\$ 182,332	\$ (442,254)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	17,455	-	17,455
Sales Taxes	343,130	-	343,130
Franchise	8,376	-	8,376
Occupational Licenses	53,371	-	53,371
Miscellaneous	10,220	116	10,336
Transfers	158,603	(158,603)	-
Total General Revenues and Transfers	591,155	(158,487)	432,668
Change in Net Position	(33,431)	23,845	(9,586)
Net Position Beginning	639,316	2,736,682	3,375,998
Net Position Ending	\$ 605,885	\$ 2,760,527	\$ 3,366,412

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

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2017

	General	Non-Major Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 20,212	\$ 1	\$ 20,213
Receivables (net)	70,601	-	70,601
Total assets	\$ 90,813	\$ 1	\$ 90,814
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 20,929	\$ -	\$ 20,929
Total liabilities	20,929	-	20,929
<u>Fund Balance:</u>			
Assigned	-	1	1
Unassigned	69,884	-	69,884
Total fund equity	69,884	1	69,885
Total liabilities and fund equity	\$ 90,813	\$ 1	\$ 90,814

Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Assets

Total Fund Balances - Governmental Funds	\$ 69,885
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.	
Land	170,007
Depreciable Assets (net)	520,481
	690,488
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	
Capital Lease Payable	(121,160)
Compensated Absences	(3,315)
Net Pension Liability	(40,942)
	(165,417)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(6,810)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	17,739
Net Assets of Governmental Activities	\$ 605,885

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

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended May 31, 2017

	General	Non-Major Fund	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 17,455	\$ -	\$ 17,455
Sales tax	343,130	-	343,130
Franchise	8,376	-	8,376
Licenses and permits	56,113	-	56,113
Intergovernmental	-	-	-
Bonds and fines	12,605	-	12,605
Recreation Income	4,550	-	4,550
Rental Income	3,700	-	3,700
Miscellaneous	7,478	-	7,478
Total revenues	453,407	-	453,407
Expenditures:			
General government	148,380	-	148,380
Public safety			
Police Department	174,554	-	174,554
Fire Department	19,923	-	19,923
Streets & Drainage	144,073	-	144,073
Recreation	62,873	-	62,873
Capital Expenditures	69,552	-	69,552
Debt Service	36,421	-	36,421
Total expenditures	655,776	-	655,776
Excess (deficiency) of revenues over expenditures	(202,369)	-	(202,369)
Other financing sources (uses):			
Debt Proceeds	63,554	-	63,554
Operating transfers (net)	158,603	-	158,603
Total other financing sources (uses)	222,157	-	222,157
Excess (deficiency) of revenues and expenditures and other uses	19,788	-	19,788
Fund balance - beginning of year	50,096	1	50,097
Fund balance - end of year	\$ 69,884	\$ 1	\$ 69,885

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

TOWN OF BOYCE

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

Year Ended May 31, 2017

Net change in fund balances of Governmental Funds		\$	19,788
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 depreciation exceeded capital outlays for the period.			
Capital expenditures reported by Governmental Funds		69,552	
Depreciation expense reported on a government-wide basis		<u>(90,219)</u>	(20,667)
Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations.			
			640
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.			
			(1,764)
Governmental funds report proceeds from debt as an other financing source; however, debt proceeds are classified as a liability in the government-wide presentation.			
			(63,554)
Repayment of capital lease obligations are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.			
			<u>32,126</u>
Change in net position of governmental activities		\$	<u>(33,431)</u>

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

TOWN OF BOYCE

Statement of Net Position

Proprietary Funds - Year Ended May 31, 2017

	Business-Type Activities - Enterprise Fund					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
<u>ASSETS:</u>						
Current assets:						
Cash and cash equivalents	\$ 55,515	\$ 75,934	\$ 3,319	\$ 6,042	\$ -	\$ 140,810
Receivables (net)	60,784	13,710	159,545	21,063	7,975	263,077
Total current assets	116,299	89,644	162,864	27,105	7,975	403,887
Restricted assets:						
Cash and cash equivalents	-	-	36,179	-	-	36,179
Noncurrent assets:						
Non-depreciable capital assets	-	3,127	279,554	8,000	-	290,681
Depreciable capital assets (net)	692,430	43,578	162,314	1,927,750	-	2,826,072
Total noncurrent assets	692,430	46,705	441,868	1,935,750	-	3,116,753
Total assets	808,729	136,349	640,911	1,962,855	7,975	3,556,819
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>						
Pension funding deferrals	18,248	16,907	18,362	18,270	-	71,787
<u>LIABILITIES:</u>						
Current liabilities:						
Accounts payable	37,868	5,177	152,275	28,012	18,509	241,841
Current portion of long-term debt	-	-	11,098	9,883	-	20,981
Total current assets	37,868	5,177	163,373	37,895	18,509	262,822
Noncurrent Liabilities:						
Compensated absences payable	3,848	3,848	3,849	3,848	-	15,393
Deposits due others	75,391	45,218	-	-	-	120,609
Long-Term Debt	-	-	273,566	2,444	-	276,010
Net Pension Liability	42,116	39,022	42,380	42,168	-	165,686
Total liabilities	159,223	93,265	483,168	86,355	18,509	840,520
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Pension funding deferrals	7,005	6,491	7,049	7,014	-	27,559
<u>NET POSITION</u>						
Invested in capital assets, net of related debt	692,430	46,705	157,204	1,935,750	-	2,832,089
Restricted for debt service	-	-	36,179	-	-	36,179
Unrestricted	(31,681)	6,795	(24,327)	(47,994)	(10,534)	(107,741)
Total net position	\$ 660,749	\$ 53,500	\$ 169,056	\$ 1,887,756	\$ (10,534)	\$ 2,760,527

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

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Net Position Proprietary Funds - Year Ended May 31, 2017

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
<u>Operating revenues:</u>						
Charges for services	\$ 565,233	\$ 170,328	\$ 160,939	\$ 197,903	\$ 97,566	\$ 1,191,969
Delinquent charges	16,275	3,870	5,046	4,237	2,687	32,115
Other operating income	3,505	13,634	2,342	200	-	19,681
Total operating revenues	585,013	187,832	168,327	202,340	100,253	1,243,765
<u>Operating expenses:</u>						
Salaries	43,154	45,380	51,519	46,428	-	186,481
Purchases (Electricity and Natural Gas)	375,731	46,041	6,641	376	-	428,789
Collection Expense	-	-	-	-	71,934	71,934
Repairs and maintenance	24,710	9,138	20,967	87,134	-	141,949
Legal and professional	16,781	16,503	9,826	12,553	-	55,663
Payroll taxes and benefits	25,070	25,125	24,775	25,511	-	100,481
Insurance	7,097	7,395	7,142	7,142	-	28,776
Depreciation	43,871	2,127	58,362	95,884	-	200,244
Other	21,589	20,743	29,262	34,841	-	106,435
Total operating expenses	558,003	172,452	208,494	309,869	71,934	1,320,752
Operating income (loss)	27,010	15,380	(40,167)	(107,529)	28,319	(76,987)
<u>Non-operating revenues (expenses):</u>						
Interest income	25	63	28	-	-	116
Interest expense	-	-	(14,884)	-	-	(14,884)
Change in net position before capital grants and transfers	27,035	15,443	(55,023)	(107,529)	28,319	(91,755)
<u>Capital grants and transfers:</u>						
Capital grants	-	-	274,203	-	-	274,203
Operating transfers (net)	(116,035)	(25,819)	12,668	11,612	(41,029)	(158,603)
Change in net position	(89,000)	(10,376)	231,848	(95,917)	(12,710)	23,845
Total net position - beginning of year	749,749	63,876	(62,792)	1,983,673	2,176	2,736,682
Total net position - end of year	\$ 660,749	\$ 53,500	\$ 169,056	\$ 1,887,756	\$ (10,534)	\$ 2,760,527

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

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2017

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 587,992	\$ 187,664	\$ 167,622	\$ 201,124	\$ 100,373	\$ 1,244,775
Cash payments to suppliers of goods and services	(466,060)	(125,149)	(105,079)	(156,861)	(59,344)	(912,493)
Cash payments to employees for service	(41,781)	(44,007)	(50,144)	(45,053)	-	(180,985)
Net cash provided (used) by operating activities	80,151	18,508	12,399	(790)	41,029	151,297
<u>Cash flows from non-capital financing activities:</u>						
Grant proceeds	-	-	131,832	-	-	131,832
Operating transfers in (out)	(116,035)	(25,819)	12,668	11,612	(41,029)	(158,603)
Net cash provided (used) by non-capital financing activities	(116,035)	(25,819)	144,500	11,612	(41,029)	(26,771)
<u>Cash flows from capital and related financing activities:</u>						
Acquisition of capital assets	-	-	(127,974)	-	-	(127,974)
Principle paid on capital debt	-	-	(10,545)	(9,910)	-	(20,455)
Interest paid on capital debt	-	-	(14,884)	-	-	(14,884)
Net cash provided (used) by capital and related financing activities	-	-	(153,403)	(9,910)	-	(163,313)
<u>Cash flows from investing activities:</u>						
Interest and other income	25	63	28	-	-	116
Net cash provided (used) by investing activities	25	63	28	-	-	116
Net increase (decrease) in cash	(35,859)	(7,248)	3,524	912	-	(38,671)
Beginning cash balance	91,374	83,182	35,974	5,130	-	215,660
Ending cash balance	55,515	75,934	39,498	6,042	-	176,989
Cash - restricted	-	-	36,179	-	-	36,179
Cash - unrestricted	\$ 55,515	\$ 75,934	\$ 3,319	\$ 6,042	\$ -	\$ 140,810
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 27,010	\$ 15,380	\$ (40,167)	\$ (107,529)	\$ 28,319	\$ (76,987)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	43,871	2,127	58,362	95,884	-	200,244
(Increase) decrease in accounts receivable	(3,111)	(1,608)	(705)	(1,216)	120	(6,520)
(Increase) decrease in net pension liability	55	762	(498)	296	-	615
(Decrease) increase in accounts payable	4,863	(966)	(5,968)	10,400	12,590	20,919
(Decrease) increase in meter deposits	6,090	1,440	-	-	-	7,530
(Decrease) increase in compensated absences	1,373	1,373	1,375	1,375	-	5,496
Net cash provided (used) by operating activities	\$ 80,151	\$ 18,508	\$ 12,399	\$ (790)	\$ 41,029	\$ 151,297

There were no operating, investing, or financing activities during the year that did not result in cash receipts or payments.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of Boyce (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire protection), streets and drainage, public improvements, utility (gas, water, electricity, sewerage, and sanitation), and general administrative services.

The accounting and reporting practices of the Town of Boyce, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Boyce, Louisiana, 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 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria to be considered in determining financial accountability include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
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 the above criteria, the Town of Boyce has no component units for the year ended May 31, 2017.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

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 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 proprietary 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**
Electricity System – Used to account for electricity distribution, which is supported by user charges.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

Natural Gas System – Used to account for natural gas distribution, which is supported by user charges.

Water System – Used to account for water distribution, which is supported by user charges.

Sewer System – Used to account for sewer collection and treatment, which is supported by user charges.

Business-type funds distinguish operating revenues and expenses from non-operating 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 electricity, natural gas, water, sewer, and sanitation services.

Basis of Accounting and Measurement Focus

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

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

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, 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 excluding 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 another financing source and repayment of long-term debt is reported as an expenditure.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines and court cost is not recognized until it is collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system were estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before June 1, 2004, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

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

Internal Activity

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Fund Balance Classification

Approval of the majority of the Town's Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

Statement of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2017, the Town has \$197,202 in deposits (\$331,972 collected bank balance). These deposits are fully secured by federal deposit insurance. These amounts include restricted amounts of \$36,179.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

NOTE 3 – TAXES

Ad Valorem Taxes

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended May 31, 2017, taxes of 6.560 mills were levied on property and were dedicated to general corporate purposes. This tax does not expire.

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.

Sales Taxes

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. Since all tax levies are unrestricted, all sales tax proceeds are reported as revenue by the general fund. For the year ended May 31, 2017, the Town has levied sales taxes described as follows:

- A 1% sales tax has been approved by the citizens, with no expiration, to cover any needs by the Town.
- A 1% sales tax has been approved by the citizens commencing April 1, 2017, with no expiration, to cover any needs by the Town.
- The Town is also entitled to receive a portion of a parish wide sales tax.

NOTE 4 - RECEIVABLES

At May 31, 2017, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	Governmental Activities	Business- Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 124,109	\$ 124,109
<u>Due From Other Governmental Units</u>			
Sales Taxes	70,601	----	70,601
Capital Grants Receivable	----	142,371	142,371
Total Receivables	70,601	266,480	337,081
Allowance for Doubtful Accounts	----	(3,403)	(3,403)
Net Receivables	<u>\$ 70,601</u>	<u>\$ 263,077</u>	<u>\$ 333,678</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

NOTE 5 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ ----	\$ ----	\$ 170,007
Depreciable Capital Assets				
Buildings and Improvements	879,177	----	----	879,177
Furniture, Fixtures and Equipment	1,005,425	69,552	(2,770)	1,072,207
Infrastructure	1,572,279	----	----	1,572,279
Accumulated Depreciation	(2,915,733)	(90,219)	2,770	(3,003,182)
Total	<u>541,148</u>	<u>(20,667)</u>	<u>----</u>	<u>520,481</u>
Total Governmental Activities	<u>\$ 711,155</u>	<u>\$ (20,667)</u>	<u>\$ ----</u>	<u>\$ 690,488</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ----	\$ ----	\$ 20,337
Construction in Process	----	270,344	----	270,344
Total	<u>20,337</u>	<u>270,344</u>	<u>----</u>	<u>290,681</u>
Depreciable Capital Assets				
Utility System	6,049,097	----	----	6,049,097
Utility Buildings	22,357	----	----	22,357
Utility Equipment	264,604	----	(2,860)	261,744
Accumulated Depreciation	(3,309,742)	(200,244)	2,860	(3,507,126)
Total	<u>3,026,316</u>	<u>(200,244)</u>	<u>----</u>	<u>2,826,072</u>
Total Business-Type Activities	<u>\$ 3,046,653</u>	<u>\$ 70,100</u>	<u>\$ ----</u>	<u>\$ 3,116,753</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

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	\$ 4,912	\$ ----	\$ 4,912
Police Department	8,467	----	8,467
Fire Department	42,310	----	42,310
Street & Drainage	29,176	----	29,176
Recreation	5,354	----	5,354
Lights	----	43,871	43,871
Gas	----	2,127	2,127
Water	----	58,362	58,362
Sewer	----	95,884	95,884
Total Depreciation Expense	<u>\$ 90,219</u>	<u>\$ 200,244</u>	<u>\$ 290,463</u>

NOTE 6 - LONG-TERM LIABILITIES

The Town's long-term debt is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue bonds payable	\$ ----	\$ 284,664	\$ 284,664
Utility Relocation Assistance Funds	----	12,327	12,327
Capital Leases	121,160	----	121,160
Total long-term debt	121,160	296,991	418,151
Due within one year	(38,385)	(20,981)	(59,366)
Due in more than one year	<u>\$ 82,775</u>	<u>\$ 276,010</u>	<u>\$ 358,785</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Lease	<u>\$ 89,732</u>	<u>\$ 63,554</u>	<u>\$ 32,126</u>	<u>\$ 121,160</u>
<u>Business-type Activities</u>				
Utility revenue bonds	295,209	----	10,545	284,664
Utility Relocation Assistance Funds	22,237	----	9,910	12,327
Total business-type activities	<u>317,446</u>	<u>----</u>	<u>20,455</u>	<u>296,991</u>
Total long-term debts	<u>\$ 407,178</u>	<u>\$ 63,554</u>	<u>\$ 52,581</u>	<u>\$ 418,151</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at May 31, 2017, are described as follows:

\$428,100 Utilities Revenue Bonds Series 1994, dated March 14, 1995, with an effective rate of interest of 5.125% to maturity. The bonds mature serially on the 14th of each month in amounts ranging from \$291 to \$2,253. Final maturity is scheduled for March 14, 2034, unless the Town elects to redeem the bonds prior to maturity.	\$ 284,664
Total Revenue Bonds	<u>\$ 284,664</u>

Utility Relocation Assistance Funds

The Town has been awarded \$49,415 of Utility Relocation Assistance Funds (URAF) necessary to move a sewer line. Utility Relocation Assistance Funds outstanding at May 31, 2017, are described as follows:

\$49,415 of Utility Relocation Assistance Funds were received in September 2013 with no interest. The funds are to be paid back over five (5) years at \$823 per month.	\$ 12,327
Total Revenue Bonds	<u>\$ 12,327</u>

Maturity of Long-Term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended May 31st</u>	<u>Principle</u>		
	<u>Revenue Bonds</u>	<u>URAF</u>	<u>Interest</u>
<u>Business-Type Activities</u>			
2018	\$ 11,098	\$ 9,883	\$ 14,331
2019	11,680	2,444	13,748
2020	12,294	----	13,135
2021	12,939	----	12,490
2022	13,618	----	11,811
2023-2027	79,587	----	47,559
2028-2032	102,776	----	24,370
2033-2034	40,672	----	1,855
Total Business-Type	<u>\$ 284,664</u>	<u>\$ 12,327</u>	<u>\$ 139,299</u>

Total interest charged to expense for the business-type activities is \$14,884.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

Capital Lease

Details regarding capital leases outstanding at May 31, 2017 are as follows:

A capital lease in the amount of \$99,120 for the purchase of a new slope mower. The lease has an interest rate of 2.39% and is due in 60 monthly installments of \$1,754 with the final payment due November of 2020.	\$ 70,616
A capital lease in the amount of \$40,876 for the purchase of a new police vehicle. The lease has an interest rate of 5.50% and is due in 36 monthly installments of \$1,234 with the final payment due September of 2019.	31,279
A capital lease in the amount of \$22,678 for the purchase of two new zero-turn mowers. The lease has an interest rate of 6.00% and is due in 48 monthly installments of \$533 with the final payment due September of 2020.	<u>19,265</u>
Total Capital Leases	<u>\$ 121,160</u>

A schedule of the future minimum lease payments is presented below:

<u>Year Ended May 31st</u>	<u>Governmental Activities</u>
<u>Business-Type Activities</u>	
2018	\$ 42,254
2019	42,254
2020	31,146
2021	<u>12,655</u>
Total minimum lease payments	128,309
Less amount representing interest	<u>(7,149)</u>
Present value of future minimum lease payments	<u>\$ 121,160</u>

Compensated Absences

Compensated absences refer to the Town's obligation to provide vested accrued leave benefits that have been earned by its employees. These liabilities are typically liquidated by the fund responsible for providing the employees compensation. Details of the accrued leave benefits are as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated Absences	\$ 1,551	\$ 1,764	\$ ----	\$ 3,315
<u>Business-type Activities</u>				
Compensated Absences	9,897	5,496	----	15,393
Total long-term debts	<u>\$ 11,448</u>	<u>\$ 7,260</u>	<u>\$ ----</u>	<u>\$ 18,708</u>

NOTE 7 – LONG-TERM CONTRACTS

Gas Contract

The Town has a long-term contract for the purchase of natural gas with the Louisiana Municipal Natural Gas Purchasing and Distribution Authority. This contract renews every year. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates being adjusted periodically.

Electricity Contract

The Town has a contract with Central Louisiana Electric Company for the purchase of electricity. The contract automatically renews each year. There are no minimum payments required under the contract except amounts for actual delivery, and the rates are adjusted periodically.

Sanitation Contract

The Town has a contract with Progressive Waste for the collection, transportation and disposal of solid waste. The contract automatically renews every three years. The Town or Progressive Waste may terminate the contract, as long as a written request is provided at least 180 days prior to the expiration date of the contract. The contract provides that charges to the Town for residential service will be \$12.91 per month for a residential unit with one garbage can and \$6.50 for each additional can. In addition, Progressive shall add a fuel surcharge to the rates above for any month that the average fuel price of diesel fuel during the previous month exceeded \$2.25 per gallon. There are no minimum payments required under the contract except amounts for actual delivery, and the rates are adjusted periodically.

NOTE 8 - RISK MANAGEMENT

Town of Boyce 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 a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2017**

NOTE 9 - BOARD MEMBER SALARIES

For the year ended May 31, 2017, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Alma Moore	Mayor	\$ 7,500
Leonard LaCour	Alderman	6,300
Lucretia McCoy	Alderman	6,300
Peggy Brew	Alderman	6,300
Kelvin McCoy	Alderman	6,300
Cathy Fisher	Alderman	6,300
Total		<u>\$ 39,000</u>

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

		<u>Payable to Vendors</u>			
	Governmental Activities		<u>\$ 20,929</u>		
		<u>Payable to Vendors</u>	<u>Payable Under Construction Contract</u>	<u>Construction Contract Retainage</u>	<u>Total</u>
Business-Type Activities					
Lights		\$ 37,868	\$ ----	\$ ----	\$ 37,868
Gas		5,177	----	----	5,177
Water		9,904	121,375	20,996	152,275
Sewer		28,012	----	----	28,012
Non-Major		18,509	----	----	18,509
Total business-type activities		<u>\$ 99,470</u>	<u>\$ 121,375</u>	<u>\$ 20,996</u>	<u>\$ 241,841</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2017**

NOTE 11 - RESTRICTED RESOURCES

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.

NOTE 12 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for the transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Transfer of resources to cover expenses			
Governmental Activities	\$ 158,603	\$ ----	\$ 158,603
Business-Type Activities			
Lights	----	(116,035)	(116,035)
Gas	----	(25,819)	(25,819)
Water	12,668	----	12,668
Sewer	11,612	----	11,612
Non-major fund	----	(41,029)	(41,029)
Total Business-Type	<u>24,280</u>	<u>(182,883)</u>	<u>(158,603)</u>
Total Transfers	<u>\$ 182,883</u>	<u>\$ (182,883)</u>	<u>\$ ----</u>

NOTE 13 – PENSION PLAN

Substantially all Town employees, except police department employees, of the Town of Boyce, Louisiana, are members of statewide retirement systems. The system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Information regarding the plan is presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 206,628	\$ 89,526	\$ 34,369
Portion Applicable to Business Type Activities			
Electricity System	42,116	18,248	7,005
Natural Gas System	39,022	16,907	6,491
Water System	42,380	18,362	7,049
Sewer System	42,168	18,270	7,014
Total Business Type Activities	<u>165,686</u>	<u>71,787</u>	<u>27,559</u>
Portion Applicable to Governmental Type Activities	<u>\$ 40,942</u>	<u>\$ 17,739</u>	<u>\$ 6,810</u>

Municipal Employees' Retirement System of Louisiana:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

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 Boyce is required to contribute at an actuarially determined rate.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017

The Town's contribution is currently 11.0 percent. 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 Boyce 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 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 mersla.com. The plans net pension liability was determined at June 30, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 226,092,430
Plan Fiduciary Net Position	143,201,586
Net Pension Liability	<u>82,890,844</u>
Town's Proportionate Share (Percentage)	0.249279%
Town's Proportionate Share (Dollar)	<u>\$ 206,628</u>

The Town's proportionate share has been determined based on employer contributions received by the plan. The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 215,821
Employer Contributions	(17,398)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	29,535
Employee Contributions	<u>(6,138)</u>
Changes in Deferred Outflows of Resources	7,023
Changes in Deferred Inflows of Resources	<u>(22,215)</u>
Ending Net Pension Liability	<u>\$ 206,628</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

There were no changes between June 30, 2016 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 1,695	\$ 2,985	\$ (1,290)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	50,648	----	50,648
Changes of Assumptions	10,297	----	10,297
Changes in Proportion	3,479	31,385	(27,906)
Employer Contributions Made After the Measurement Date	23,407	----	23,407
Total Deferrals	<u>89,526</u>	<u>34,370</u>	<u>55,156</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>23,407</u>	<u>----</u>	<u>23,407</u>
Deferrals Subject to Amortization	<u>\$ 66,119</u>	<u>\$ 34,370</u>	<u>\$ 31,749</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>	
May 31, 2018	\$ 9,599
May 31, 2019	6,829
May 31, 2020	7,611
May 31, 2021	<u>7,710</u>
Total	<u>\$ 31,749</u>

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.60%
Public Fixed Income	35%	1.80%
Alternatives	15%	0.80%
Totals	100%	5.20%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.70%

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2017

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.5% Discount Rate	Current Discount Rate 7.5%	1% Increase 8.5 % Discount
Net Pension Liability	\$ 267,302	\$ 206,628	\$ 154,863

NOTE 14 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2017, are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 15 – DEFICIT FUND BALANCE

The Sanitation Fund is the only nonmajor fund with a significant deficit fund balance. If the deficit cannot be eliminated through future operations, the general fund will appropriate resources necessary to alleviate the deficit.

TOWN OF BOYCE

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2017

	Budget Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 349,500	\$ 371,294	\$ 368,961	\$ (2,333)
License and permits	50,000	48,734	56,113	7,379
Intergovernmental	-	15,410	-	(15,410)
Bonds and fines	15,000	11,738	12,605	867
Recreation Income	2,000	3,930	4,550	620
Rental Income	5,480	2,430	3,700	1,270
Miscellaneous	2,690	14,703	7,478	(7,225)
Total revenues	424,670	468,239	453,407	(14,832)
Expenditures:				
General government	134,050	138,138	148,380	(10,242)
Public safety	194,820	163,864	194,477	(30,613)
Streets and sanitation	96,675	136,373	144,073	(7,700)
Recreation	36,770	60,572	62,873	(2,301)
Capital Expenditures	37,000	15,409	69,552	(54,143)
Debt Service	21,000	34,539	36,421	(1,882)
Total expenditures	520,315	548,895	655,776	(106,881)
Excess (deficiency) of revenues over expenditures	(95,645)	(80,656)	(202,369)	(121,713)
Other financing sources (uses):				
Debt Proceeds	-	-	63,554	63,554
Operating transfers (net)	95,645	116,575	158,603	42,028
Total other financing sources (uses)	95,645	116,575	222,157	105,582
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	35,919	19,788	(16,131)
Fund balance - beginning of year	-	50,096	50,096	-
Fund balance - end of year	\$ -	\$ 86,015	\$ 69,884	\$ (16,131)

TOWN OF BOYCE

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		Covered Payroll	Total Pension Liability
Municipal Employees' Retirement System					
June 30, 2015	0.31755%	215,822	184,940	116.7%	66.2%
June 30, 2016	0.24928%	206,628	198,554	104.1%	63.3%

TOWN OF BOYCE

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	17,569	20,932	(3,363)	184,940	11.32%
June 30, 2016	21,575	17,398	4,177	198,554	8.76%

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2017

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
General government:				
Salary - mayor	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Salaries - aldermen	31,500	31,498	31,498	-
Salaries - office	18,763	15,537	14,731	806
Payroll taxes and related expenses	13,000	6,041	7,300	(1,259)
Retirement	2,000	1,224	1,494	(270)
Telephone	4,330	6,231	7,134	(903)
Office supplies	11,682	12,569	13,025	(456)
Advertising and printing	3,500	3,084	3,096	(12)
Dues	2,000	2,218	2,720	(502)
Accounting	9,000	9,627	7,826	1,801
Legal & Professional	3,600	9,407	16,732	(7,325)
Insurance	8,500	6,167	6,260	(93)
Miscellaneous	175	10,452	9,010	1,442
Janitorial	2,000	1,523	3,936	(2,413)
Travel and conventions	15,000	13,360	15,109	(1,749)
Building maintenance and security	1,500	1,700	1,009	691
Total general government	134,050	138,138	148,380	(10,242)
Public safety:				
Police:				
Salaries	103,400	87,636	101,798	(14,162)
Payroll taxes and related expenses	6,000	3,479	18,635	(15,156)
Patrol car expenditures	17,000	16,836	14,231	2,605
Insurance	12,500	4,905	5,628	(723)
Uniforms and training	5,000	4,475	3,710	765
Supplies and equipment	3,870	7,957	8,482	(525)
Communications	6,000	7,263	6,560	703
Court Costs	2,000	5,098	4,563	535
Miscellaneous	1,600	10,472	10,947	(475)
Fire protection:				
Truck gas, oil and maintenance	4,000	1,816	1,525	291
Telephone	900	731	743	(12)
Insurance	14,000	4,905	6,258	(1,353)
Fire Supplies and small equipment	15,150	1,181	2,049	(868)
Building Maintenance	200	1,183	5,883	(4,700)
Miscellaneous	3,200	5,927	3,465	2,462
Total public safety	194,820	163,864	194,477	(30,613)

TOWN OF BOYCE

Continued

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final		(Negative)
<u>Streets and sanitation:</u>				
Salaries	60,000	75,523	82,828	(7,305)
Payroll taxes and related benefits	10,000	11,466	13,518	(2,052)
Repairs and maintenance	10,000	22,613	21,312	1,301
Gas and oil	6,000	8,185	7,644	541
Supplies	3,000	8,451	7,177	1,274
Insurance	4,500	5,343	6,066	(723)
Uniforms	-	-	2,135	(2,135)
Miscellaneous	3,175	4,792	3,393	1,399
Total streets and sanitation	96,675	136,373	144,073	(7,700)
<u>Recreation:</u>				
Salaries and related benefits	19,050	26,237	25,775	462
Building Maintenance	3,000	11,651	11,905	(254)
Insurance	1,000	4,905	5,628	(723)
Supplies	13,720	17,779	19,565	(1,786)
Total recreation	36,770	60,572	62,873	(2,301)
Debt Service	21,000	34,539	36,421	(1,882)
Capital Expenditures	37,000	15,409	69,552	(54,143)
Total expenditures	\$ 520,315	\$ 548,895	\$ 655,776	\$ (106,881)

TOWN OF BOYCE

Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer Year ended May 31, 2017

Agency Head Name: Mayor
Alma Moore

PURPOSE

Salary	\$	7,500
Benefits		-
Reimbursements		3,175

Town of Boyce

Schedule of Findings and Questioned Costs For the Year Ended May 31, 2017

PART I – SUMMARY OF AUDITORS' RESULTS:

- The Independent Auditor's Report on the financial statements for the Town of Boyce as of May 31, 2017 and for the year then ended expressed an unmodified opinion.
- The results of the audit disclosed instances of noncompliance (Findings 2017-1, 2017-2, and 2017-3) that are considered to be material to the financial statements of the Town of Boyce.
- The audit disclosed audit findings (2017-4 and 2017-5) which are required to be reported as material weaknesses in internal control over financial reporting.

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

- **Finding 2017-1: Budget Violation**

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance occurred due to management failing to properly budget the purchase of capital expenditures and public safety expenditures. Management should review the budget to actual expenditures each month and amend the budget when actual expenditures exceed budgeted expenditures by more than 5%. This will allow management to closely monitor the Town's expenditures and reduce the risk of purchases that were not properly authorized. We recommend that management review budget to actual expenditures each month and amend the budget as necessary.

- **Finding 2017-2: Sales Tax Paid on Purchases**

We have found instances in which the Town paid sales taxes on some purchases during the year. The Town is exempt from paying sales taxes on purchases. To ensure that the Town does not pay sales taxes in the future, we recommend that the Town provide each vendor with the form provided by the Louisiana Department of Revenue that demonstrates the Town's tax exempt status.

- **Finding 2017-3: Retirement**

The Town has paid retirement contributions on overtime compensation paid to some employees. Contributions to the Municipal Employees Retirement System are only on the employee's regular earnings. Regular earnings does not include overtime and fees paid to employees. We recommend the Town review their payroll system to ensure that it is properly setup to calculate retirement contributions only on the employees' regular earnings. Furthermore, we recommend management contact the retirement system and discuss with their attorney the proper method to correct these overpayments.

- **Finding 2017-4: Police Officer Pay**

The Town police officers may have been granted pay raises without the approval of the Mayor and Town Council. Only the Town Council and Mayor may approve pay raises upon the recommendation of the Chief of Police. It appears that the Council and Mayor did not properly approve the pay raises that some officers were paid for. This has resulted in officers being over paid. The Town should seek reimbursement from these officers and filed amended payroll reports as necessary.

- **Finding 2017-5: Police Officer Hours Worked**

Some of the police officers appear to be working excessive amount of hours each pay period. This includes one officer charging 25.05 hours in one day and officers charging 14 and 16 hours of work on a daily basis on consecutive days. In addition, one of these officers may have a full time job with another public law enforcement agency. The Chief of Police should be properly scheduling officer's work and approving their time sheets each pay period. Charging this many hours has resulted in the Town paying considerable amounts of wages to these employees. Furthermore, if one of these employees also has another full time job,

Town of Boyce
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2017

wages maybe being paid for the same hours. Management should turn this matter over to the local district attorney.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY THE UNIFORM CIRCULAR:

- None

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2017

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding 2017-1: Budget Violation

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance occurred due to management failing to properly budget the purchase of capital expenditures and public safety expenditures. Management should review the budget to actual expenditures each month and amend the budget when actual expenditures exceed budgeted expenditures by more than 5%. This will allow management to closely monitor the Town's expenditures and reduce the risk of purchases that were not properly authorized. We recommend that management review budget to actual expenditures each month and amend the budget as necessary.

Finding 2017-2: Sales Tax Paid on Purchases

We have found instances in which the Town paid sales taxes on some purchases during the year. The Town is exempt from paying sales taxes on purchases. To ensure that the Town does not pay sales taxes in the future, we recommend that the Town provide each vendor with the form provided by the Louisiana Department of Revenue that demonstrates the Town's tax exempt status.

Finding 2017-3: Retirement

The Town has paid retirement contributions on overtime compensation paid to some employees. Contributions to the Municipal Employees Retirement System are only on the employee's regular earnings. Regular earnings does not include overtime and fees paid to employees. We recommend the Town review their payroll system to ensure that it is properly setup to calculate retirement contributions only on the employees' regular earnings. Furthermore, we recommend management contact the retirement system and discuss with their attorney the proper method to correct these overpayments.

Finding 2017-4: Police Officer Pay Raises

The Town police officers may have been granted pay raises without the approval of the Mayor and Town Council. Only the Town Council and Mayor may approve pay raises upon the recommendation of the Chief of Police. It appears that the Council

2017-1: Response

We will more closely monitor our expenditures in the future and amend the budget as necessary.

2017-2: Response

We will closely monitor our purchases in the future to ensure we do not pay sales taxes on purchases. Furthermore, we will provide each of our vendors with the appropriate form demonstrating that we are tax exempt.

2017-3: Response

We will correct our payroll system to ensure that retirement contributions are only paid on the employee's regular earnings. We will also contact the retirement system and our attorney on the proper ways to correct the existing overpayments.

2017-4: Response

We will review this matter with our legal counsel, seek reimbursement of the overpayment, and amend the payroll tax reports as necessary.

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2017

<p>and Mayor did not properly approve the pay raises that some officers were paid for. This has resulted in officers being over paid. The Town should seek reimbursement from these officers and filed amended payroll reports as necessary.</p> <p><u>Finding 2017-5: Police Officer Hours Worked</u> Some of the police officers appear to be working excessive amount of hours each pay period. This includes one officer charging 25.05 hours in one day and officers charging 14 and 16 hours of work on a daily basis on consecutive days. In addition, one of these officers may have a full time job with another public law enforcement agency. The Chief of Police should be properly scheduling officer's work and approving their time sheets each pay period. Charging this many hours has resulted in the Town paying considerable amounts of wages to these employees. Furthermore, if one of these employees also has another full time job, wages maybe being paid for the same hours. Management should turn this matter over to the local district attorney.</p>	<p><u>2017-5: Response</u> This matter has been turned over to the local District Attorney.</p>
<p>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</p>	
<p>There were no findings in connection with internal control and compliance material to federal awards.</p>	<p>Response - N/A.</p>
<p>SECTION III - MANAGEMENT LETTER</p>	
<p>There were no matters to report.</p>	<p>Response – N/A</p>

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2017

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding 2016-1: Budget Violation

For the Town's general fund, expenditures exceeded appropriations by more than the variances allowed by state law.

Unresolved:

See Managements Corrective Action Plan, Finding 2017-1.

Finding 2016-2: Ethics Violation

The Town made two purchases of \$58 and \$77 from a local vendor owned by one of the aldermen. This purchase may be a violation of the ethics law prohibiting a legal entity from entering into transactions with the public servants agency.

Resolved:

The Town no longer purchases items from this vendor.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

There were no findings in connection with internal control and compliance material to federal awards in the prior year

Response - N/A

SECTION III - MANAGEMENT LETTER

There were no matters to report.

Response - N/A