

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of the property and equipment in the Enterprise Funds at May 31, 1996 consists of the following:

	<u>Natural Gas System</u>	<u>Lights</u>	<u>Water</u>	<u>Sewer</u>	<u>Combining Total</u>
Land	\$ 3,127	\$	\$ 9,210	\$	\$ 12,337
Building	3,193	5,350			8,543
Distribution System	298,280	172,809	1,295,223	96,854	1,863,166
Equipment	45,812	25,178	22,743	2,894	96,627
Vehicles	9,508	58,843			68,351
Water Wells			192,671		192,671
Construction in Process				197,234	197,234
	<u>359,920</u>	<u>262,180</u>	<u>1,519,847</u>	<u>296,982</u>	<u>2,438,929</u>
Less Accumulated Depreciation	<u>(214,693)</u>	<u>(215,866)</u>	<u>(356,964)</u>	<u>(1,134)</u>	<u>(788,657)</u>
Net Property and Equipment	<u>\$ 145,227</u>	<u>\$ 46,314</u>	<u>\$1,162,883</u>	<u>\$295,848</u>	<u>\$1,650,272</u>

Depreciation expense for the year totaled \$72,564 with \$8,941 relating to the Natural Gas System Fund, \$5,885 relating to the Lights Fund, and \$57,034 relating to the Water Fund and \$704 relating to the Sewer Fund.

NOTE 8 - CHANGES IN LONG-TERM DEBT

The following changes occurred in liabilities reported in the General Long-Term Debt Account Group during the year ended May 31, 1996:

	<u>Payable At May 31, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable At May 31, 1996</u>
Notes Payable	\$ 265,000	\$	\$ 20,000	\$ 245,000
Capitalized Lease Obligations	36,188		8,115	28,073
Compensated Absences	<u>9,440</u>		<u>2,183</u>	<u>7,257</u>
	<u>\$ 310,628</u>	<u>\$ -0-</u>	<u>\$ 30,298</u>	<u>\$ 280,330</u>

TOWN OF BOYCE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 May 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

These two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical cost. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility and Sewerage System	
Water Distribution System	25 years
Water Wells	25 years
Water Lines	50 years
Fire Hydrants	50 years
Pump, House and Fence	25 years
Meters	25 years
Lights Utility	
Electric Distribution System	25 years
Trucks	4 years
Equipment	8 years
Transformers	25 years
Gas Utility	
Distribution System	50 years
Meters	50 years
Building	33 years
Equipment	8 years
Trucks	5 years
Meter Taps/Gas Line Tie-Ins	50 years

Effective June 1, 1992, the Lights and Water Fund was separated into two funds. In conjunction with this separation, the water system assets and their related accumulated depreciation and contributed capital have been transferred to the Water Fund.

Also effective June 1, 1992, the sewerage activities of the Town were separated from the General Fund. Accordingly, there existed some sewer system assets in the General Fixed Assets Account Group at this separation date. Since these assets would be fully depreciated if they had been accounted for in an enterprise fund through June 1, 1992, they have not been transferred to the Sewer Fund. Improvements to the sewer system in the future will be recorded in the Sewer Fund.

Contributed Capital

In the Enterprise Funds, amounts contributed to the Town for acquisition or construction of fixed assets are recorded as contributed capital. Depreciation of these contributed capital assets is computed using the straight-line method over the estimated useful lives of the assets and is charged as a current period expense.

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows

The Town has adopted Government Auditing Standards Board Statement No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and certificates of deposit.

For the year ended May 31, 1996 there were no material non-cash investing activities or capital and related financing activities.

Compensated Absences

Accumulated unpaid vacation and compensatory pay are accrued when incurred in Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the General Long-term Debt Group of accounts. At May 31, 1996 compensated absences for all funds and account groups combined totaled \$19,267.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "Memorandum Totals" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility of a percentage of the particular receivable.

TOWN OF BOYCE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 May 31, 1996

NOTE 2 - CASH AND CASH EQUIVALENTS

At May 31, 1996 cash and cash equivalents totaled \$812,546 (Book Balance) and \$827,280 (Bank Balance). The composition of these accounts is as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Demand Deposits - Non-Interest Bearing	\$ 3,157	\$ 15,665
Interest Bearing Checking and Certificates of Deposit	809,239	811,615
Petty Cash	<u>150</u>	<u> </u>
 Total Cash	 <u>\$812,546</u>	 <u>\$827,280</u>

Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 1996 all deposits with financial institutions were fully covered by federal deposit insurance and pledged securities. A detailed analysis of this coverage is as follows:

Total Cash at May 31, 1996 (Bank Balance)	\$ 827,280
Less FDIC Coverage	<u>115,665</u>
Subtotal	<u>711,615</u>
Less Securities Pledged to Town But held in the Name of the Financial Institution (Uncollateralized - GASB Category 3)	 <u>1,056,748</u>
Excess of FDIC Insurance and Pledged Securities	 <u>\$ 345,133</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 - REVENUE RECOGNITION - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended May 31, 1996, taxes of 5.83 mills were levied on property and were dedicated to general corporate purposes.

Total taxes levied were \$8,695. There were no material amounts of taxes receivable at May 31, 1996.

TOWN OF BOYCE, LOUISIANA
SUPPLEMENTAL DATA
FOR THE YEAR ENDED MAY 31, 1996

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

Notes payable in the Enterprise Fund represent monies borrowed from the Farmers Home Administration for certain water system improvements. The original principal was \$428,100. The notes bear an interest rate of 5.125%. Principal and interest payments are due and payable in monthly installments of \$2,119.10 beginning April 1995 and ending March 2034. A summary by years of the amounts owed on this note are as follows:

<u>Years Ended</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ 25,429	\$ 3,792	\$ 21,637
1998	25,429	3,991	21,438
1999	25,429	4,200	21,229
2000	25,429	4,420	21,009
2001	25,429	4,653	20,777
Thereafter	<u>830,832</u>	<u>402,968</u>	<u>427,863</u>
	<u>\$ 957,977</u>	<u>\$ 424,024</u>	<u>\$ 533,953</u>

NOTE 9 - GAS CONTRACT

The Town has a long-term contract for the purchase of natural gas. The contract is with Union Gas company and renews each year. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates being adjusted periodically.

NOTE 10 - 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.

NOTE 11 - RISK MANAGEMENT

Town of Boyce is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risk 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 risk have historically not exceeded insurance coverage.

TOWN OF BOYCE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 May 31, 1996

NOTE 12 - BOARD MEMBER SALARIES

For the year ended May 31, 1996, 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>
Julius Patrick, Jr.	Mayor	\$ 2,400
Thomas Batts	Alderman	1,163
Haywood Joiner	Alderman	1,163
Donald Welch	Alderman	1,125
Kelvin McCoy	Alderman	1,125
Cathy Bryant	Alderman	<u>1,163</u>
Totals		<u>\$ 8,139</u>

NOTE 13 - CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Natural Gas System</u>	<u>Lights</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance at May 31, 1995	\$ -0-	\$ 77,856	\$ 742,619	\$ -0-	\$ 820,475
Additions	_____	_____	_____	<u>197,234</u>	<u>197,234</u>
Balance at May 31, 1996	<u>\$ -0-</u>	<u>\$ 77,856</u>	<u>\$ 742,619</u>	<u>\$197,234</u>	<u>\$1,017,709</u>

TOWN OF BOYCE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 May 31, 1996

Capitalized lease obligations payable and compensated absences payable as of May 31, 1996, are comprised of the following:

Capitalized Lease Obligations

Fire truck, due in 120 monthly installments by August, 1999; the first 60 payments will be \$906 at 8.68% interest. The remaining payments will be adjusted to the 1995 Treasury Bill Index of 8% \$ 28,073

Total Capitalized Lease Obligation \$ 28,073

Title to the fire truck will vest permanently with the Town upon completion of all rental payments.

Compensated absences for annual leave and compensatory leave payable at an undetermined time \$ 7,257

The following is a schedule by years of future general fund minimum lease payments under capital leases together with the present value of the minimum lease payments as of May 31, 1996:

<u>Year Ending May 31</u>	<u>General Obligation</u>
1997	\$ 10,872
1998	10,872
1999	10,872
2000	<u>906</u>
	33,522
Less amount representing interest	<u>5,449</u>
 Present Value of Minimum Lease Payments	 <u>\$ 28,073</u>

Notes payable consist of a \$265,000 Certificate of Indebtedness payable to a local bank. The certificates bear an interest rate of 6.5% with principal payable on November 1 of each year starting 1995 and ending in 2004. Interest is payable on May 1 and November 1 beginning in 1995. The following is a schedule by years of the principal payments owed on these Certificates of Indebtedness:

<u>Fiscal Year Ended</u>	<u>Principal Installment</u>
1997	\$ 20,000
1998	20,000
1999	25,000
2000	25,000
2001	25,000
2002	30,000
2003	30,000
2004	35,000
2005	<u>35,000</u>
 TOTAL	 <u>\$245,000</u>

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

Budgets and Budgetary Practices

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed budget for the general fund for the upcoming year and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of that year. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and prior to the commencement of the new year, the budget is legally enacted through passage of an ordinance.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Mayor and Board of Aldermen. Such amendments were not material in relation to the original appropriations.

Due To/From Other Funds

Amounts in each fund listed as due to/from are offset by corresponding entries in other funds. Funds shown as such are considered available for expenditure unless specifically restricted within the statements.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost, unless they were donated in which case they are valued at fair market value at the date of donation. At May 31, 1996 there were no material amounts of donated assets.

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TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 1996
With Comparative Totals for May 31, 1995

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

Release Date DEC 11 1996

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TOWN OF BOYCE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 May 31, 1996

NOTE 4 - RECEIVABLES

The receivables at May 31, 1996 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Lights</u>	<u>Sewer</u>	<u>Water</u>	<u>Natural Gas</u>	<u>Memorandum Total</u>
Grants	\$	\$127,737	\$	\$	\$	\$	\$ 127,737
Charges for Services			68,754	12,700	12,802	18,587	112,843
Other	23,560						23,560
Allowance for Uncollectibles	<u>(364)</u>	<u> </u>	<u>(5,272)</u>	<u> </u>	<u> </u>	<u>(627)</u>	<u>(6,263)</u>
Totals	<u>\$ 23,196</u>	<u>\$127,737</u>	<u>\$ 63,482</u>	<u>\$12,700</u>	<u>\$ 12,802</u>	<u>\$17,960</u>	<u>\$257,877</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. Individual fund interfund receivable and payable balances at May 31, 1996 arising from these transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Payroll	\$ 586
Lights	Payroll	464
Lights	Water	2,300
Natural Gas	General	1,002
Payroll	Natural Gas	36
Lights	Natural Gas	15
Sewer	Capital Projects	<u>100</u>
Total		<u>\$4,503</u>

NOTE 6 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets, at cost, follows:

	<u>Balance May 31, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 1996</u>
Land	\$ 170,007	\$	\$	\$ 170,007
Buildings	187,820	312,227		500,047
Improvements Other Than Buildings	1,246,398			1,246,398
Equipment	169,923	11,248		181,171
Vehicles	86,538	1,500		88,038
Fire truck under capital lease	98,907			98,907
Construction in Process - Fire Station	<u>287,725</u>	<u>13,534</u>	<u>301,259</u>	<u>-0-</u>
	<u>\$2,247,318</u>	<u>\$ 338,509</u>	<u>\$ 301,259</u>	<u>\$ 2,284,568</u>

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

Capital Projects Fund - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

FIDUCIARY FUND

Agency Fund - The Agency Fund accounts for assets held by the Town as an agent for individuals, private organizations, other governments, and/or other funds. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund accounts for disbursement of the Town's payroll and related liabilities.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the Town account for operations of a natural gas, electricity, water, and sewerage system.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Town other than the debt accounted for in the Proprietary Funds.

Basis of Accounting

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.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the Town and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

TOWN OF BOYCE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1996

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, sanitation, public improvements, utility (gas, water, electricity and sewerage) 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, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, 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. This criteria includes:

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 June 30, 1996.

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Town:

TOWN OF BOYCE, LOUISIANA
COMBINED STATEMENT OF CASH FLOWS
Proprietary Fund Type
For the year ended May 31, 1996
With Comparative Totals for the Year Ended May 31, 1995

	Enterprise Funds	
	1996	1995
<u>Cash flow from operating activities:</u>		
Operating income (loss)	\$ 181,521	\$ 61,583
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	72,564	44,673
(Increase) decrease in accounts receivable	(20,968)	88,224
(Decrease) increase in accounts payable	13,335	1,473
(Decrease) increase in other liabilities	3,597	(1,413)
(Decrease) increase in meter deposits	185	2,574
Net cash provided (used) by operating activities	250,234	197,114
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers in (out)	(41,000)	(87,803)
Net cash provided (used) by non-capital financing activities	(41,000)	(87,803)
<u>Cash flows from capital and related financing activities:</u>		
Acquisition of capital assets	(142,553)	(188,455)
Grant proceeds		40,000
Debt service	(26,290)	(26,178)
Net cash provided (used) by capital and related financing activities	(168,843)	(174,633)
<u>Cash flows from investing activities:</u>		
Interest	23,673	30,787
Net cash provided (used) by investing activities	23,673	30,787
Net increase (decrease) in cash	64,064	(34,535)
Beginning cash balance	612,619	647,154
Ending cash balance	\$ 676,683	\$ 612,619

Supplemental disclosures of cash flow information:

For the years ended May 31, 1996 and 1995 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

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

TOWN OF BOYCE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS

Proprietary Fund Type

For the year ended May 31, 1996

With Comparative Totals for the Year Ended May 31, 1995

	Enterprise Funds	
	1996	1995
<u>Operating revenues:</u>		
Charges for services	\$ 921,281	\$ 811,875
Delinquent charges	21,258	17,945
Other operating income	106,019	-
Total operating revenues	1,048,558	829,820
<u>Operating expenses:</u>		
Salaries - operating	110,933	83,417
Salaries - clerical	36,587	34,990
Maintenance supplies	25,453	36,425
Electricity purchased	355,052	321,632
Natural gas purchased	156,976	139,453
Truck expense	12,067	3,785
Water testing	1,255	1,485
Repairs	14,397	11,720
Legal and professional	13,677	17,526
Payroll taxes	14,092	9,432
Insurance	39,327	38,118
Depreciation	72,564	44,673
Bad debts	-	1,483
Other	14,657	24,098
Total operating expenses	867,037	768,237
Operating income	181,521	61,583
<u>Non-operating revenues (expenses):</u>		
Other income	-	11,358
Interest income	23,673	19,429
Interest expense	(22,796)	(25,596)
Total Non-operating revenues	877	5,191
Income (loss) before operating transfers	182,398	66,774
Operating transfers in (out)	(41,000)	(87,803)
Net income (loss)	141,398	(21,029)
Retained earnings - beginning of year	710,450	731,479
Retained earnings - end of year	\$ 851,848	\$ 710,450

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

TOWN OF BOYCE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
All Governmental Fund Types
For the year ended May 31, 1996
With Comparative Totals for the Year Ended May 31, 1995

	General	Capital Projects	Memorandum Totals	
			1996	1995
Revenues:				
Taxes:				
Ad valorem	\$ 8,695	\$ -	\$ 8,695	\$ 8,673
Sales tax	208,800	-	208,800	160,269
Franchise	3,373	-	3,373	3,013
Licenses and permits:				
Occupational licenses	46,047	-	46,047	39,846
Charges for services:				
Garbage	39,766	-	39,766	39,703
Late fees	1,005	-	1,005	912
Intergovernmental:				
Federal grants	-	148,807	148,807	-
Tobacco tax	7,080	-	7,080	7,092
Beer tax	2,904	-	2,904	3,238
Fines	6,565	-	6,565	3,567
Miscellaneous:				
Interest	3,482	-	3,482	4,181
Land lease	10,080	-	10,080	9,800
Other	38,319	-	38,319	36,759
Total revenues	376,116	148,807	524,923	317,053
Expenditures:				
General government	67,959	7,016	74,975	114,530
Public safety	162,092	-	162,092	405,755
Streets and sanitation	52,649	-	52,649	91,907
Capital projects	-	161,530	161,530	20,641
Debt service	47,447	-	47,447	20,055
Total expenditures	330,147	168,546	498,693	652,888
Excess (deficiency) of revenues over expenditures	45,969	(19,739)	26,230	(335,835)
OTHER FINANCING SOURCES (USES):				
Proceeds from indebtedness	-	-	-	265,000
Operating transfers in	41,000	-	41,000	87,803
Total other financing sources (uses)	41,000	-	41,000	352,803
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	86,969	(19,739)	67,230	16,968
Fund balance - beginning of year	53,111	(17)	53,094	36,126
Fund balance - end of year	\$ 140,080	\$ (19,756)	\$ 120,324	\$ 53,094

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

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 1996
With Comparative Totals for May 31, 1995

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August 13, 1996

Independent Auditors' Report

The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Boyce, Louisiana as of May 31, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Governmental 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Boyce, Louisiana, as of May 31, 1996, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 13, 1996, on our consideration of the Town of Boyce, Louisiana's internal control structure and a report dated August 13, 1996 on its compliance with laws and regulations.

-Members-

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

TOWN OF BOYCE, LOUISIANA
GENERAL FUND
Schedule of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended May 31, 1996
 With comparative actual amounts for the year ended May 31, 1995

	1996			1995
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
General Government:				
Salary - mayor	\$ 2,400	\$ 2,400	\$ -	\$ 2,400
Salaries - aldermen	6,000	5,738	262	6,375
Salaries - office	3,968	3,968	-	3,785
Payroll Taxes	1,548	1,541	7	1,023
Telephone	3,943	3,973	(30)	2,666
Office Supplies	3,500	4,059	(559)	2,526
Advertising and printing	1,000	1,400	(400)	1,191
Dues	600	532	68	1,330
Accounting	2,327	2,328	(1)	5,103
Legal	2,350	2,971	(621)	8,719
Insurance	9,750	12,515	(2,765)	10,909
Miscellaneous	9,000	11,928	(2,928)	25,923
Travel and conventions	4,800	6,084	(1,284)	4,896
Capital outlay	8,200	8,522	(322)	29,637
Total general government	59,386	67,959	(8,573)	106,483
Public Safety:				
Police:				
Salaries	97,611	96,913	698	84,380
Payroll taxes	8,204	8,142	62	7,384
Patrol car expenditures	12,682	10,276	2,406	18,073
Uniforms and training	2,700	3,563	(863)	2,978
Supplies and equipment	3,500	3,519	(19)	6,530
Telephone	5,667	5,989	(322)	5,834
Capital outlay	5,700	8,007	(2,307)	952
Miscellaneous	4,700	4,600	100	4,008
Fire protection:				
Truck gas, oil and maintenance	2,000	1,567	433	8,789
Telephone	1,590	1,576	14	700
Supplies & other	8,200	4,379	3,821	-
Insurance	2,003	2,003	-	2,003
Capital outlay	137,810	11,558	126,252	264,124
Total public safety	292,367	162,092	130,275	405,755
Streets and Sanitation:				
Salaries	9,823	9,969	(146)	7,412
Payroll taxes	750	742	8	557
Truck and tractor maintenance	4,000	3,570	430	806
Street maintenance	5,174	5,501	(327)	6,951
Garbage collection	21,000	20,988	12	20,988
Supplies	5,000	3,548	1,452	15,888
Utilities	600	1,132	(532)	1,741
Capital outlay	7,800	7,199	601	37,564
Total streets and sanitation	54,147	52,649	1,498	91,907
Debt Service	27,873	47,447	(19,574)	20,055
Total expenditures	\$ 433,773	\$ 330,147	\$ 103,626	\$ 624,200

TOWN OF BOYCE, LOUISIANA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED MAY 31, 1996

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Revenues (Cash Basis)</u>	<u>Grant Revenues (Accrual)</u>	<u>Expenditures</u>
Louisiana Community Development Block Grant Program	14.228	26,575	148,800	148,807

TOWN OF BOYCE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 May 31, 1996
 With Comparative Totals for May 31, 1995

	Governmental Funds		Proprietary Funds		Fiduciary Funds	Account Groups		Memorandum Totals	
	General	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-term Debt	1996	1995	
Assets									
Cash and cash equivalents	\$ 134,515	\$ 67	\$ 561,874	\$ 1,280			697,736	\$ 713,112	
Receivables (net of allowance for doubtful accounts)	23,196	127,737	106,945	36			257,878	103,199	
Due from other funds	586		3,881				4,503	2,203	
Restricted cash and cash equivalents			114,809				114,809	99,063	
Property and equipment (net of accumulated depreciation)			1,650,272			2,284,568	3,934,840	3,630,367	
Amount to be provided for retirement of long-term debt						280,330	280,330	310,628	
Total assets	\$ 158,297	\$ 127,804	\$ 2,437,781	\$ 1,316	\$ 2,284,568	\$ 280,330	\$ 5,290,096	\$ 4,858,572	
Liabilities and fund equity									
Liabilities:									
Accounts and other payables	\$ 17,215	\$ 147,460	\$ 54,977	\$ 266			219,918	\$ 203,796	
Payable from restricted assets:									
Customer deposits			74,862				74,862	74,677	
Revenue bonds payable			424,024				424,024	427,518	
Due to other funds	1,002	100	2,351	1,050			4,503	2,203	
Certificates of indebtedness						245,000	245,000	265,000	
Capital lease obligation						28,073	28,073	36,188	
Compensated absences payable			12,010			7,257	19,267	17,853	
Total liabilities	18,217	147,560	568,224	1,316		280,330	1,015,647	1,027,235	
Fund equity:									
Investment in general fixed assets					2,284,568		2,284,568	2,247,318	
Contributed capital			1,017,709				1,017,709	820,475	
Retained earnings:									
Reserved for sewer improvements			80,052				80,052	69,759	
Unreserved			771,796				771,796	640,691	
Fund Balance:									
Reserved for Economic Development	25,000						25,000		
Unreserved	115,080	(19,756)					95,324	53,094	
Total fund equity	140,080	(19,756)	1,869,557		2,284,568		4,274,449	3,831,337	
Total liabilities and fund equity	\$ 158,297	\$ 127,804	\$ 2,437,781	\$ 1,316	\$ 2,284,568	\$ 280,330	\$ 5,290,096	\$ 4,858,572	

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

Independent Auditors' Report

Town of Boyce, Louisiana

August 13, 1996

Page 2

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Boyce, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF BOYCE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
General Fund
For the year ended May 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 209,700	\$ 220,868	\$ 11,168
License and permits	42,000	46,047	4,047
Charges for services	39,500	40,771	1,271
Intergovernmental	0	9,984	9,984
Fines	5,878	6,565	687
Miscellaneous	57,138	51,881	(5,257)
Total revenues	<u>354,216</u>	<u>376,116</u>	<u>21,900</u>
Expenditures:			
General government	59,386	67,959	(8,573)
Public safety	292,367	162,092	130,275
Streets and sanitation	54,147	52,649	1,498
Debt service	27,873	47,447	(19,574)
Total expenditures	<u>433,773</u>	<u>330,147</u>	<u>103,626</u>
Excess (deficiency) of revenues over expenditures	<u>(79,557)</u>	<u>45,969</u>	<u>125,526</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	56,000	41,000	(15,000)
Total other financing sources (uses)	<u>56,000</u>	<u>41,000</u>	<u>(15,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(23,557)</u>	<u>86,969</u>	<u>110,526</u>
Fund balance - beginning of year	<u>53,111</u>	<u>53,111</u>	
Fund balance - end of year	<u>\$ 29,554</u>	<u>\$ 140,080</u>	<u>\$ 110,526</u>

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

The Honorable Julius Patrick, Jr., Mayor
and the Board of Aldermen

August 13, 1996

Page 2

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Rozier Harrington & McKay
ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF BOYCE, LOUISIANA
ENTERPRISE FUNDS
Combining Balance Sheet
For the Year Ended May 31, 1996
With Comparative Totals for May 31, 1995

<u>Assets</u>	Natural Gas System	Lights	Water	Sewer	Memorandum Totals	
					1996	1995
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 248,343	\$ 220,392	\$ 7,696	\$ 85,443	\$ 561,874	\$ 513,556
Receivables, net of allowance for doubtful accounts	17,961	63,482	12,802	12,700	106,945	85,977
Due from other funds	1,002	2,779		100	3,881	1,581
Total current assets	267,306	286,653	20,498	98,243	672,700	601,114
<u>Restricted Assets:</u>						
Cash and cash equivalents						
Meter deposits	49,121	60,773			109,894	96,906
Bond reserves			4,915		4,915	2,157
Total restricted assets	49,121	60,773	4,915	-	114,809	99,063
<u>Property and equipment:</u>						
Fixed assets net of acc. depreciation	145,227	46,314	1,162,883	295,848	1,650,272	1,383,049
Total Assets	\$ 461,654	\$ 393,740	\$ 1,188,296	\$ 394,091	\$ 2,437,781	\$ 2,083,226
<u>Liabilities and fund equity</u>						
<u>Current liabilities:</u>						
Accounts payable	\$ 7,553	\$ 33,512	\$ 2,937	\$ 10,975	\$ 54,977	\$ 41,642
Due to other funds	51		2,300		2,351	51
Other	2,633	2,633	3,867	2,877	12,010	8,413
Total current liabilities	10,237	36,145	9,104	13,852	69,338	50,106
<u>Liabilities Payable from restricted assets:</u>						
Meter deposits	33,192	41,670			74,862	74,677
Revenue bonds payable			424,024		424,024	427,518
Total liabilities	43,429	77,815	433,128	13,852	568,224	552,301
<u>Fund equity:</u>						
Contributed Capital		77,856	742,619	197,234	1,017,709	820,475
Retained earnings:						
Unreserved	418,225	238,069	12,549	102,953	771,796	640,691
Reserved for sewer improvements				80,052	80,052	69,759
Total fund equity	418,225	315,925	755,168	380,239	1,869,557	1,530,925
Total liabilities and fund equity	\$ 461,654	\$ 393,740	\$ 1,188,296	\$ 394,091	\$ 2,437,781	\$ 2,083,226

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August 13, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Julius Patrick, Jr., Mayor
and the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana as of and for the year ended May 31, 1996, and have issued our report thereon dated August 13, 1996.

We have applied procedures to test the Town of Boyce, Louisiana's compliance with the following requirements applicable to the Department of Housing and Urban Development, State's Program for Community Development Block Grants for the year ended May 31, 1996.

Political Activity
Davis-Bacon Act
Civil Rights
Administrative Requirements

Relocation Assistance/Real Property
Acquisition
Allowable Cost/Cost Principles

Our procedures were limited to the applicable procedures described in the Office of Management and Budgets Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Boyce, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Boyce, Louisiana had not complied, in all material respects, with those requirements.

-Members-

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

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

August 13, 1996

Page 2

The management of the Town of Boyce, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Cash Disbursements
General Requirements
Types of Services
Special Requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended May 31, 1996, the Town of Boyce, Louisiana, had no major federal financial assistance program and expended 100 percent of its federal financial assistance under the Department of Housing and Urban Development, State's Program for Community Development Block Grants.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

ENTERPRISE FUNDS

Natural Gas Fund - To account for the natural gas services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, billing and collection.

Lights Fund - To account for electricity services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, billing and collection.

Water Fund - To account for water services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, billing and collection.

Sewer Fund - To account for sewerage services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, billing and collection.

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August 13, 1996

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Julius Patrick, Jr., Mayor
and the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana, as of and for the year ended May 31, 1996, and have issued our report thereon dated August 13, 1996. We have also audited the compliance of the Town of Boyce, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 13, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Town complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended May 31, 1996, we considered the Town's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Town's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 13, 1996.

-Members-

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August 13, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

The Honorable Julius Patrick, Jr., Mayor
and the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana, as of and for the year ended May 31, 1996 and have issued our report thereon dated August 13, 1996.

In connection with our audit of the general purpose financial statements of the Town of Boyce, Louisiana, and with our consideration of the Town of Boyce's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended May 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and special tests and provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Boyce's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Boyce had not complied, in all material respects, with those requirements.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


ROZIER, HARRINGTON & McKAY
Certified Public Accountants

-Members-

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

In planning and performing our audit of the financial statements of the Town of Boyce, Louisiana, for the year ended May 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, and the Board of Aldermen. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



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August 13, 1996

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT
CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana, for the year ended May 31, 1996, and have issued our report thereon dated August 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 of material misstatement.

The management of the Town is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana as of and for the year ended May 31, 1996, and have issued our report thereon dated August 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



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INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL ASSISTANCE

The Honorable Julius Patrick, Jr.
and the Board of Aldermen
Town of Boyce, Louisiana

We have audited the general purpose financial statements of the Town of Boyce, Louisiana for the year ended May 31, 1996, and have issued our report thereon dated August 13, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Town of Boyce, Louisiana taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



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