

TOWN OF BOYCE, LOUISIANA

**Annual Financial Report
For the Year Ended May 31, 2021**



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

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November 19, 2021

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, 2021, 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.

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



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OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boyce, as of May 31, 2021, 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.

EMPHASIS-OF-MATTER

As discussed in Note 15 to the financial statements, the Town has suffered recurring losses from operations. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 15. Our opinion is not modified with respect to this matter.

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 below is presented for purposes of additional analysis and is not a required part of the basic financial statements.

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer
- Louisiana Community Development Block Grant Supplemental Schedule
- Justice System Funding Schedule – Collecting/Disbursing Entity

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 November 19, 2021, 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 the effectiveness of 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.



ROZIER, MCKAY & WILLIS
Certified Public Accountants



November 19, 2021

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, 2021, 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 November 19, 2021.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **2021-005** to be a material weakness.



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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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **2021-010** to be a significant deficiency.

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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as items **2021-001, 2021-002, 2021-003, 2021-004, 2021-006, and 2021-007**.

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. 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, MCKAY & WILLIS
Certified Public Accountants

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021

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, 2021.

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

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021

- **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, 2021			For the Year Ended May 31, 2020
	Governmental Activities	Business-Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 178,907	\$ 249,950	\$ 428,857	\$ 401,265
Capital assets	736,949	3,075,516	3,812,465	3,594,694
Total assets	<u>915,856</u>	<u>3,325,466</u>	<u>4,241,322</u>	<u>3,995,959</u>
Deferred Outflow of Resources	<u>226,263</u>	<u>63,129</u>	<u>289,392</u>	<u>215,585</u>
<u>Liabilities:</u>				
Current and other liabilities	219,534	561,713	781,247	451,699
Long-term liabilities	660,472	424,839	1,085,311	842,765
Total liabilities	<u>880,006</u>	<u>986,552</u>	<u>1,866,558</u>	<u>1,294,464</u>
Deferred Inflows of Resources	<u>20,605</u>	<u>8,716</u>	<u>29,321</u>	<u>18,903</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	412,208	2,838,864	3,251,072	3,191,039
Restricted	14,981	35,506	50,487	32,314
Unrestricted	(185,681)	(481,043)	(666,724)	(325,176)
Total Net Position	<u>\$ 241,508</u>	<u>\$ 2,393,327</u>	<u>\$ 2,634,835</u>	<u>\$ 2,898,177</u>

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.

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021

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, 2021			For the Year Ended May 31, 2020
	Governmental Activities	Business-Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 184,819	\$ 1,253,381	\$ 1,438,200	\$ 1,328,917
Operating Grants and Contributions	42,500	----	42,500	179,924
Capital Grants and Contributions	----	209,910	209,910	----
General Revenue:				
Property Taxes	29,536	----	29,536	23,991
Sales Taxes	879,821	----	879,821	553,720
Franchise Taxes	5,676	----	5,676	5,590
Occupational Licenses	75,307	----	75,307	58,644
Insurance Proceeds	66,943	----	66,943	
Miscellaneous	5,665	60	5,725	10,609
Total Revenue	<u>1,290,267</u>	<u>1,463,351</u>	<u>2,753,618</u>	<u>2,161,395</u>
<u>Program Expenses:</u>				
General Government	278,331	----	278,331	204,575
Public Safety				
Police Department	726,147	----	726,147	535,546
Fire Department	53,028	----	53,028	68,762
Streets and Drainage	493,389	----	493,389	253,782
Recreation	27,374	----	27,374	51,660
Lights	----	501,756	501,756	519,399
Natural Gas System	----	184,416	184,416	181,122
Water	----	222,440	222,440	232,125
Sewer	----	277,099	277,099	281,062
Sanitation	----	89,798	89,798	77,849

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2021

	<u>For the Year Ended May 31, 2021</u>			<u>For the Year Ended May 31, 2020</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Total Expenses	<u>1,578,269</u>	<u>1,275,509</u>	<u>2,853,778</u>	<u>2,405,882</u>
Increase in Net Position				
Before Special Item and Transfers	(288,002)	187,842	(100,160)	(244,487)
Special Item – Hurricane Electric Restoration	----	(163,183)	(163,183)	----
Transfers	<u>158,668</u>	<u>(158,668)</u>	<u>----</u>	<u>----</u>
Change in Net Position	<u>(129,334)</u>	<u>(134,009)</u>	<u>(263,343)</u>	<u>(244,487)</u>
Net Position Beginning	<u>370,842</u>	<u>2,527,336</u>	<u>2,898,178</u>	<u>3,142,665</u>
Net Position Ending	<u>\$ 241,508</u>	<u>\$ 2,393,327</u>	<u>\$ 2,634,835</u>	<u>\$ 2,898,178</u>

Governmental activities decreased the Town's net position by \$129,334. This decrease is due to a general increase in expenditures during the current year.

Business-type activities decreased the Town's net position by \$134,009. This decrease is due to hiring companies for restoration of the Town's Electric System in the current year due to the devastation caused by Hurricane Laura.

Financial Analysis of the Town's Funds

The Town's governmental funds reported combined fund balances of \$12,699, which represents a decrease of \$45,484.

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

Highlights of the Town's capital asset administration are provided as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021

- Equipment purchases for the governmental activities include two Streets vehicles, a bushhog, a dump trailer, a skid steer and grapple, a zero-turn mower, a generator and a trackhoe.
- The Town purchased the Old Bank Building.
- The Town completed the Louisiana Community Development Block Grant (LCDBG) for sewer system improvements, which included a sewer force main replacement, in the current year.

Debt Administration

The Town assured new municipal leases to purchase a new vehicle for the Streets Department and to purchase various equipment in the current year. 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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 108,608	\$ 94,325	\$ 202,933
Receivables (net)	70,299	120,119	190,418
Restricted assets			
Cash and cash equivalents	-	35,506	35,506
Capital Assets			
Non depreciable capital assets	170,007	20,337	190,344
Depreciable capital assets (net)	<u>566,942</u>	<u>3,055,179</u>	<u>3,622,121</u>
Total assets	<u>915,856</u>	<u>3,325,466</u>	<u>4,241,322</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension funding deferrals	<u>226,263</u>	<u>63,129</u>	<u>289,392</u>
LIABILITIES:			
Accounts payable	166,208	412,701	578,909
Deposits due others	-	135,394	135,394
Long-term liabilities			
Compensated Absences	25,200	19,276	44,476
Net Pension Liability	363,857	182,529	546,386
Notes Payable			
Due within one year	53,326	13,618	66,944
Due in more than one year	<u>271,415</u>	<u>223,034</u>	<u>494,449</u>
Total liabilities	<u>880,006</u>	<u>986,552</u>	<u>1,866,558</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension funding deferrals	<u>20,605</u>	<u>8,716</u>	<u>29,321</u>
NET POSITION:			
Invested in capital assets, net of related debt	412,208	2,838,864	3,251,072
Restricted for Debt Service	-	35,506	35,506
Restricted for Capital Improvements	14,981	-	14,981
Unrestricted	<u>(185,681)</u>	<u>(481,043)</u>	<u>(666,724)</u>
Total net position	<u>\$ 241,508</u>	<u>\$ 2,393,327</u>	<u>\$ 2,634,835</u>

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

TOWN OF BOYCE

Statement of Activities

Year Ended May 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	
<u>Governmental Activities:</u>					
General government	\$ 278,331	\$ -	\$ -	\$ -	\$ (278,331)
Public safety					
Police	726,147	184,219	18,000	-	(523,928)
Fire	53,028	-	-	-	(53,028)
Streets & drainage	493,389	-	24,500	-	(468,889)
Recreation	27,374	600	-	-	(26,774)
Total governmental activities	<u>1,578,269</u>	<u>184,819</u>	<u>42,500</u>	<u>-</u>	<u>(1,350,950)</u>
<u>Business-Type Activities:</u>					
Lights	501,756	564,774	-	-	63,018
Natural gas system	184,416	198,342	-	-	13,926
Water	222,440	174,068	-	-	(48,372)
Sewer	277,099	209,835	-	209,910	142,646
Sanitation	89,798	106,362	-	-	16,564
Total Business-Type Activities	<u>1,275,509</u>	<u>1,253,381</u>	<u>-</u>	<u>209,910</u>	<u>187,782</u>
Total Primary Government	<u>\$ 2,853,778</u>	<u>\$ 1,438,200</u>	<u>\$ 42,500</u>	<u>\$ 209,910</u>	<u>\$ (1,163,168)</u>

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

TOWN OF BOYCE

Statement of Activities (Continued)

Year Ended May 31, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Net (Expenses) Revenue
Net (Expense) Revenues (Continued)			
From Previous Page	\$ (1,350,950)	\$ 187,782	\$ (1,163,168)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	29,536	-	29,536
Sales Taxes	879,821	-	879,821
Franchise	5,676	-	5,676
Occupational Licenses	75,307	-	75,307
Insurance Proceeds	66,943	-	66,943
Miscellaneous	5,665	60	5,725
Special Item - Hurricane Electric Restoration	-	(163,183)	(163,183)
Transfers	158,668	(158,668)	-
Total General Revenues, Special Items, and Transfers	1,221,616	(321,791)	899,825
Change in Net Position	(129,334)	(134,009)	(263,343)
Net Position Beginning	370,842	2,527,336	2,898,178
Net Position Ending	\$ 241,508	\$ 2,393,327	\$ 2,634,835

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

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2021

	<u>General</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 108,607	\$ 1	\$ 108,608
Receivables (net)	<u>70,299</u>	<u>-</u>	<u>70,299</u>
Total assets	<u>\$ 178,906</u>	<u>\$ 1</u>	<u>\$ 178,907</u>
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 166,208	\$ -	\$ 166,208
Total liabilities	<u>166,208</u>	<u>-</u>	<u>166,208</u>
<u>Fund Balance:</u>			
Restricted	14,981	-	14,981
Assigned	-	1	1
Unassigned	<u>(2,283)</u>	<u>-</u>	<u>(2,283)</u>
Total fund equity	<u>12,698</u>	<u>1</u>	<u>12,699</u>
Total liabilities and fund equity	<u>\$ 178,906</u>	<u>\$ 1</u>	<u>\$ 178,907</u>

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

Total Fund Balances - Governmental Funds	\$ 12,699
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)	<u>566,943</u>
	736,950
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	(324,741)
Compensated Absences	(25,201)
Net Pension Liability	<u>(363,857)</u>
	(713,799)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	(20,605)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	<u>226,263</u>
Net Assets of Governmental Activities	<u>\$ 241,508</u>

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, 2021***

	<u>General</u>	<u>Non-Major</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 29,536	\$ -	\$ 29,536
Sales tax	879,821	-	879,821
Franchise	5,676	-	5,676
Licenses and permits	75,307	-	75,307
Intergovernmental	42,500	-	42,500
Bonds and fines	184,219	-	184,219
Recreation Income	200	-	200
Rental Income	400	-	400
Insurance Proceeds	66,943	-	66,943
Miscellaneous	5,665	-	5,665
Total revenues	<u>1,290,267</u>	<u>-</u>	<u>1,290,267</u>
<u>Expenditures:</u>			
General government	261,168	-	261,168
Public safety			
Police Department	692,197	-	692,197
Fire Department	33,338	-	33,338
Streets & Drainage	401,288	-	401,288
Recreation	24,856	-	24,856
Capital Expenditures	245,570	-	245,570
Debt Service	50,572	-	50,572
Total expenditures	<u>1,708,989</u>	<u>-</u>	<u>1,708,989</u>
Excess (deficiency) of revenues over expenditures	<u>(418,722)</u>	<u>-</u>	<u>(418,722)</u>
<u>Other financing sources (uses):</u>			
Debt Proceeds	214,570	-	214,570
Operating transfers (net)	158,668	-	158,668
Total other financing sources (uses)	<u>373,238</u>	<u>-</u>	<u>373,238</u>
Excess (deficiency) of revenues and expenditures and other uses	<u>(45,484)</u>	<u>-</u>	<u>(45,484)</u>
Fund balance - beginning of year	<u>58,182</u>	<u>1</u>	<u>58,183</u>
Fund balance - end of year	<u>\$ 12,698</u>	<u>\$ 1</u>	<u>\$ 12,699</u>

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, 2021

Net change in fund balances of Governmental Funds \$ (45,484)

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	245,570	
Depreciation expense reported on a government-wide basis	<u>(99,553)</u>	146,017

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. (50,355)

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. (8,835)

Governmental funds report proceeds from debt as an other financing source; however, debt proceeds are classified as a liability in the government-wide presentation. (214,570)

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. 43,893

Change in net position of governmental activities \$ (129,334)

TOWN OF BOYCE

Statement of Net Position

Proprietary Funds - Year Ended May 31, 2021

	Business-Type Activities - Enterprise Fund					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 74,359	\$ 13,975	\$ 2,713	\$ 3,278	\$ -	\$ 94,325
Receivables (net)	56,129	13,423	16,625	25,580	8,362	120,119
Total current assets	130,488	27,398	19,338	28,858	8,362	214,444
Restricted assets:						
Cash and cash equivalents	-	-	35,506	-	-	35,506
Noncurrent assets:						
Non-depreciable capital assets	-	3,127	9,210	8,000	-	20,337
Depreciable capital assets (net)	517,837	35,071	528,865	1,973,406	-	3,055,179
Total noncurrent assets	517,837	38,198	538,075	1,981,406	-	3,075,516
Total assets	648,325	65,596	592,919	2,010,264	8,362	3,325,466
DEFERRED OUTFLOWS OF RESOURCES:						
Pension funding deferrals	14,623	16,441	15,631	16,434	-	63,129
LIABILITIES:						
Current liabilities:						
Accounts payable	232,896	17,444	28,038	125,921	8,402	412,701
Current portion of long-term debt	-	-	13,618	-	-	13,618
Total current liabilities	232,896	17,444	41,656	125,921	8,402	426,319
Noncurrent Liabilities:						
Compensated absences payable	4,819	4,819	4,819	4,819	-	19,276
Deposits due others	84,861	50,533	-	-	-	135,394
Long-Term Debt	-	-	223,034	-	-	223,034
Net Pension Liability	42,281	47,536	45,196	47,516	-	182,529
Total liabilities	364,857	120,332	314,705	178,256	8,402	986,552
DEFERRED INFLOWS OF RESOURCES:						
Pension funding deferrals	2,019	2,270	2,158	2,269	-	8,716
NET POSITION						
Invested in capital assets, net of related debt	517,837	38,198	301,423	1,981,406	-	2,838,864
Restricted for debt service	-	-	35,506	-	-	35,506
Unrestricted	(221,765)	(78,763)	(45,242)	(135,233)	(40)	(481,043)
Total net position	\$ 296,072	\$ (40,565)	\$ 291,687	\$ 1,846,173	\$ (40)	\$ 2,393,327

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, 2021

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
<u>Operating revenues:</u>						
Charges for services	\$ 551,438	\$ 194,533	\$ 164,741	\$ 203,820	\$ 102,202	\$ 1,216,734
Delinquent charges	11,047	1,556	3,029	3,728	2,008	21,368
Other operating income	2,289	2,253	6,298	2,287	2,152	15,279
Total operating revenues	564,774	198,342	174,068	209,835	106,362	1,253,381
<u>Operating expenses:</u>						
Salaries	48,802	54,823	52,138	54,795	-	210,558
Purchases (Electricity and Natural Gas)	339,269	50,471	-	-	-	389,740
Collection Expense	-	-	-	-	89,798	89,798
Repairs and maintenance	17,639	18,624	39,771	50,574	-	126,608
Legal and professional	12,092	10,009	12,092	10,009	-	44,202
Payroll taxes and benefits	19,795	20,531	18,098	19,906	-	78,330
Insurance	8,575	5,938	5,938	5,938	-	26,389
Utilities	-	-	7,223	8,338	-	15,561
Depreciation	43,417	2,127	26,868	103,384	-	175,796
Other	12,167	21,893	47,822	24,155	-	106,037
Total operating expenses	501,756	184,416	209,950	277,099	89,798	1,263,019
Operating income (loss)	63,018	13,926	(35,882)	(67,264)	16,564	(9,638)
<u>Non-operating revenues (expenses):</u>						
Interest income	26	14	20	-	-	60
Operating grants	-	-	-	-	-	-
Interest expense	-	-	(12,490)	-	-	(12,490)
Change in net position before capital grants and transfers	63,044	13,940	(48,352)	(67,264)	16,564	(22,068)
<u>Capital grants and transfers:</u>						
Capital grants	-	-	-	209,910	-	209,910
Operating transfers (net)	(129,053)	(28,241)	50,805	(33,482)	(18,697)	(158,668)
Net Change in Net Position, Before Special Item	(66,009)	(14,301)	2,453	109,164	(2,133)	29,174
<u>Special Item</u>						
Hurricane Electric Restoration	(163,183)	-	-	-	-	(163,183)
Change in Net Position	(229,192)	(14,301)	2,453	109,164	(2,133)	(134,009)
Total net position - beginning of year	525,264	(26,264)	289,234	1,737,009	2,093	2,527,336
Total net position - end of year	\$ 296,072	\$ (40,565)	\$ 291,687	\$ 1,846,173	\$ (40)	\$ 2,393,327

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

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2021

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Non-Major Fund	Total
Cash flow from operating activities:						
Cash received from customers	\$ 566,199	\$ 199,084	\$ 175,408	\$ 204,600	\$ 106,366	\$ 1,251,657
Cash payments to suppliers of goods and services	(402,340)	(128,235)	(145,897)	(78,768)	(87,669)	(842,909)
Cash payments to employees for service	(48,432)	(54,453)	(51,769)	(54,426)	-	(209,080)
Net cash provided (used) by operating activities	115,427	16,396	(22,258)	71,406	18,697	199,668
Cash flows from non-capital financing activities:						
Grant proceeds	-	-	-	-	-	-
Operating transfers in (out)	(129,053)	(28,241)	50,805	(33,482)	(18,697)	(158,668)
Net cash provided (used) by non-capital financing activities	(129,053)	(28,241)	50,805	(33,482)	(18,697)	(158,668)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	-	(247,550)	-	(247,550)
Proceeds from capital grants	-	-	-	209,910	-	209,910
Principle paid on capital debt	-	-	(12,939)	-	-	(12,939)
Interest paid on capital debt	-	-	(12,490)	-	-	(12,490)
Net cash provided (used) by capital and related financing activities	-	-	(25,429)	(37,640)	-	(63,069)
Cash flows from investing activities:						
Interest and other income	26	14	20	-	-	60
Net cash provided (used) by investing activities	26	14	20	-	-	60
Net increase (decrease) in cash	(13,600)	(11,831)	3,138	284	-	(22,009)
Beginning cash balance	87,959	25,806	35,081	2,994	-	151,840
Ending cash balance	74,359	13,975	38,219	3,278	-	129,831
Cash - restricted	-	-	35,506	-	-	35,506
Cash - unrestricted	\$ 74,359	\$ 13,975	\$ 2,713	\$ 3,278	\$ -	\$ 94,325
Reconciliation of operating income (loss) to net cash						
Operating Income (loss)	\$ 63,018	\$ 13,926	\$ (35,882)	\$ (67,264)	\$ 16,564	\$ (9,638)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	43,417	2,127	26,868	103,384	-	175,796
Special Item - Hurricane Electric Restoration	(163,183)	-	-	-	-	(163,183)
(Increase) decrease in accounts receivable	(2,194)	(411)	1,340	(5,235)	4	(6,496)
(Increase) decrease in net pension liability	(5,080)	(5,862)	(7,618)	(6,481)	-	(25,041)
(Decrease) increase in accounts payable	175,460	5,092	(7,335)	46,633	2,129	221,979
(Decrease) increase in meter deposits	3,619	1,153	-	-	-	4,772
(Decrease) increase in compensated absences	370	371	369	369	-	1,479
Net cash provided (used) by operating activities	\$ 115,427	\$ 16,396	\$ (22,258)	\$ 71,406	\$ 18,697	\$ 199,668

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

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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, 2021.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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.

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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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. 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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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, 2021, the Town has \$238,439 in deposits (\$254,882 collected bank balance). These deposits are fully secured by federal deposit insurance. These amounts include restricted amounts of \$35,506 restricted for Business-Type Debt Service and \$14,981 restricted for General Fund Capital Improvements.

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, 2021, 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, 2021, 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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

- 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

Details related to receivables, as of May 31, 2021, are presented as follows:

	Governmental Activities	Business- Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 123,522	\$ 123,522
<u>Due From Other Governmental Units</u>			
Sales Taxes	70,299	----	70,299
Total Receivables	70,299	123,522	193,821
Allowance for Doubtful Accounts	----	(3,403)	(3,403)
Net Receivables	<u>\$ 70,299</u>	<u>\$ 120,119</u>	<u>\$ 190,418</u>

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ ----	\$ ----	\$ 170,007
Depreciable Capital Assets				
Buildings and Improvements	879,177	21,500	----	900,677
Furniture, Fixtures and Equipment	1,202,982	224,070	----	1,427,052
Infrastructure	1,592,486	----	----	1,592,486
Accumulated Depreciation	(3,253,720)	(99,553)	----	(3,353,273)
Total	<u>420,925</u>	<u>146,017</u>	<u>----</u>	<u>566,942</u>
Total Governmental Activities	<u>\$ 590,932</u>	<u>\$ 146,017</u>	<u>\$ ----</u>	<u>\$ 736,949</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ----	\$ ----	\$ 20,337
Construction in Process	44,660	----	(44,660)	----
Total	<u>64,997</u>	<u>----</u>	<u>(44,660)</u>	<u>20,337</u>
Depreciable Capital Assets				
Utility System	6,534,145	292,210	----	6,826,355
Utility Buildings	22,357	----	----	22,357
Utility Equipment	399,279	----	----	399,279
Accumulated Depreciation	(4,017,016)	(175,796)	----	(4,192,812)
Total	<u>2,938,765</u>	<u>116,414</u>	<u>----</u>	<u>3,055,179</u>
Total Business-Type Activities	<u>\$ 3,003,762</u>	<u>\$ 116,414</u>	<u>\$ (44,660)</u>	<u>\$ 3,075,516</u>

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	\$ 6,127	\$ ----	\$ 6,127
Police Department	26,455	----	26,455
Fire Department	19,690	----	19,690
Street & Drainage	44,763	----	44,763
Recreation	2,518	----	2,518
Lights	----	43,417	43,417
Gas	----	2,127	2,127
Water	----	26,868	26,868
Sewer	----	103,384	103,384
Total Depreciation Expense	<u>\$ 99,553</u>	<u>\$ 175,796</u>	<u>\$ 275,349</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

NOTE 6 - LONG-TERM LIABILITIES

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

	Governmental Activities	Business-Type Activities	Total
Revenue bonds payable	\$ ----	\$ 236,652	\$ 236,652
Capital Leases	324,741	----	324,741
Total long-term debt	324,741	236,652	561,393
Due within one year	(53,326)	(13,618)	(66,944)
Due in more than one year	\$ 271,415	\$ 223,034	\$ 494,449

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Capital Lease	\$ 154,064	\$ 214,570	\$ 43,893	\$ 324,741
<u>Business-type Activities</u>				
Utility revenue bonds	249,591	----	12,939	236,652
Total long-term debts	\$ 403,655	\$ 214,570	\$ 56,832	\$ 561,393

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, 2021, 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.	\$ 236,652
Total Revenue Bonds	\$ 236,652

Maturity of Long-Term Debt

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

<u>Year Ended May 31st</u>	<u>Principle</u>	
	<u>Revenue</u>	<u>Interest</u>
	<u>Bonds</u>	
<u>Business-Type Activities</u>		
2022	\$ 13,618	\$ 11,811
2023	14,332	11,097
2024	15,084	10,345
2025	15,876	9,553
2026	16,709	8,720
2027-2031	97,652	29,494
2032-2034	63,381	4,574
Total Business-Type	<u>\$ 236,652</u>	<u>\$ 85,594</u>

Total interest charged to expense for the business-type activities was \$12,490.

Capital Lease

Details regarding capital leases outstanding at May 31, 2021 are as follows:

A capital lease in the amount of \$26,168 for the purchase of a new Street vehicle. The lease has an interest rate of 5.50% and is due in 60 monthly installments of \$500 with the final payment due August of 2022.	\$ 6,762
A capital lease in the amount of \$129,414 for the purchase of three public safety vehicles. The lease has an interest rate of 4.50% and is due in 72 monthly installments of \$2,130 with the final payment due January of 2026.	107,038
A capital lease in the amount of \$32,959 for the purchase of a new Street vehicle. The lease has an interest rate of 2.59% and is due in 60 monthly installments of \$586 with the final payment due September of 2025.	29,330
A capital lease in the amount of \$181,611 for the purchase of Street equipment including a trackhoe, skid steer and grapple, zero-turn mower, and a generator. The lease has an interest rate of 3.493% and is due in 72 monthly installments of \$2,850 with the final payment due July of 2027.	181,611
Total Capital Leases	<u>\$ 324,741</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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>	
2022	\$ 67,092
2023	67,794
2024	66,794
2025	66,794
2026	54,171
2027-2028	39,899
Total minimum lease payments	362,544
Less amount representing interest	(37,803)
Present value of future minimum lease payments	<u>\$ 324,741</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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated Absences	\$ 16,365	\$ 8,835	\$ ----	\$ 25,200
<u>Business-type Activities</u>				
Compensated Absences	17,798	1,478	----	19,276
Total long-term debts	<u>\$ 34,163</u>	<u>\$ 10,313</u>	<u>\$ ----</u>	<u>\$ 44,476</u>

NOTE 7 - 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, 2021

NOTE 8 – ACCOUNTS AND OTHER PAYABLES

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

		Payable to Vendors	
	Governmental Activities	\$ 166,208	
		Payable Under Construction Contract	Total
Business-Type Activities	Payable to Vendors		
Lights	\$ 232,896	\$ ----	\$ 232,896
Gas	17,444	----	17,444
Water	28,038	----	28,038
Sewer	46,856	79,065	125,921
Non-Major	8,402	----	8,402
Total business-type activities	\$ 333,636	\$ 79,065	\$ 412,701

NOTE 9 - 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. The Town also has the remaining balance of a municipal lease with KS State Bank in a Vendor's Payable Account. These funds may be used to either purchase more equipment or to be applied toward the Town's current outstanding lease balance.

NOTE 10 - 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:

	Transfers In	Transfers Out	Net
Transfer of resources to cover expenses			
Governmental Activities	\$ 158,668	\$ ----	\$ 158,668

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

Business-Type Activities			
Lights	----	(129,053)	(129,053)
Gas	----	(28,241)	(28,241)
Water	50,805	----	50,805
Sewer	----	(33,482)	(33,482)
Non-major fund	----	(18,697)	(18,697)
Total Business-Type	<u>50,805</u>	<u>(209,473)</u>	<u>(158,668)</u>
Total Transfers	<u>\$ 209,473</u>	<u>\$ (209,473)</u>	<u>\$ ----</u>

NOTE 11 – PENSION PLAN

Substantially all Town 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:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 348,471	\$ 120,520	\$ 16,642
Municipal Police Employees' Retirement System	<u>197,915</u>	<u>168,872</u>	<u>12,679</u>
Total All Plans	546,386	289,392	29,321
Portion Applicable to Business Type Activities			
Electricity System	42,281	14,623	2,019
Natural Gas System	47,536	16,441	2,270
Water System	45,196	15,631	2,158
Sewer System	<u>47,516</u>	<u>16,434</u>	<u>2,269</u>
Total Business Type Activities	<u>182,529</u>	<u>63,129</u>	<u>8,716</u>
Portion Applicable to Governmental Type Activities	<u>\$ 363,857</u>	<u>\$ 226,263</u>	<u>\$ 20,605</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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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. The Town's contribution is currently 15.50 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, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 268,596,718
Plan Fiduciary Net Position	177,974,097
Net Pension Liability	<u>90,622,621</u>
Town's Proportionate Share (Percentage)	0.384530%
Town's Proportionate Share (Dollar)	<u>\$ 348,471</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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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

Beginning Net Pension Liability		\$ 354,806
Employer Contributions		(42,200)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	92,589	
Employee Contributions	<u>(10,693)</u>	81,896
Changes in Deferred Outflows of Resources		(45,125)
Changes in Deferred Inflows of Resources		<u>(906)</u>
Ending Net Pension Liability		<u>\$ 348,471</u>

There were no changes between June 30, 2020 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 5,863	\$ (5,863)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	37,831	----	37,831
Changes of Assumptions	10,799	----	10,799
Changes in Proportion	20,231	10,779	9,452
Employer Contributions Made After the Measurement Date	<u>51,659</u>	----	<u>51,659</u>
Total Deferrals	120,520	16,642	103,878
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>51,659</u>	----	<u>51,659</u>
Deferrals Subject to Amortization	<u>\$ 68,861</u>	<u>\$ 16,642</u>	<u>\$ 52,219</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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, 2022	\$ 32,428
May 31, 2023	5,632
May 31, 2024	8,619
May 31, 2025	<u>5,540</u>
Total	<u>\$ 52,219</u>

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of investment expense
Salary Increases, including inflation and merit increases:	
- 1 to 4 years of service	7.4%
- More than 4 years of service	4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Disabled retiree Table set equal to 120% for males and females with the full generational MP2018 scales.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2021

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

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

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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 5.95% Discount Rate	Current Discount Rate 6.95%	1% Increase 7.95% Discount Rate
Net Pension Liability	\$ 463,880	\$ 348,471	\$ 250,820

Municipal Police Employees' Retirement System of Louisiana

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town 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 plan were equal to the required contributions for each of the past three years.

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

Total Pension Liability	\$ 3,180,974,031
Plan Fiduciary Net Position	<u>2,256,740,977</u>
Net Pension Liability	924,223,054
Town's Proportionate Share (Percentage)	0.021414%
Town's Proportionate Share (Amount)	<u>\$ 197,915</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, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 102,877
Employer Contributions	(21,547)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	74,624
Employee Contributions	<u>(4,668)</u>
Change in Deferred Outflows of Resources	56,144
Change in Deferred Inflows of Resources	<u>(9,515)</u>
Ending Net Pension Liability	<u>\$ 197,915</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

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There were no changes between June 30, 2020 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ ----	\$ 7,796	\$ (7,796)
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	23,744	----	23,744
Changes of Assumptions	4,703	4,883	(180)
Changes in Proportion	87,662	----	87,662
Employer Contributions Made After the Measurement Date	52,763	----	52,763
Total Deferrals	168,872	12,679	156,193
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	52,763	----	52,763
Deferrals Subject to Amortization	<u>\$ 116,109</u>	<u>\$ 12,679</u>	<u>\$ 103,430</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, 2022	\$ 39,805
May 31, 2023	33,891
May 31, 2024	25,226
May 31, 2025	<u>4,508</u>
Total	<u>\$ 103,430</u>

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

Valuation Date	June 30, 2020		
Actuarial Cost Method	Entry Age Normal Cost		
Investment Rate of Return	6.950%		
Expected Remaining Service Lives	4 Years		
Inflation Rate	2.50%		
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>	
	1 - 2	12.30%	
	Above 2	4.70%	
Mortality Rates	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.		
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.		

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

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

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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.

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

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 5.95% Discount Rate	Current Discount Rate 6.95%	1% Increase 7.95% Discount Rate
Net Pension Liability	\$ 278,050	\$ 197,915	\$ 130,926

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2021

NOTE 12 – ON BEHALF PAYMENTS

The State Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 18,000
Total	<u>\$ 18,000</u>

NOTE 13 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2021, 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 14 – DEFICIT FUND BALANCE

The Gas Fund and Sanitation Fund have a deficit fund balance. If the deficit cannot be eliminated through future operations, the general fund will appropriate resources necessary to alleviate the deficit.

NOTE 15 – EMPHASIS-OF-MATTER

The Town has experienced significant operating losses over the past three fiscal years. In addition to the operating loss in the current year, the Town's electrical system was decimated by Hurricane Laura, and the Town recorded hurricane damages of \$163,183 in the current year. While not substantial, these conditions create some potential doubt that the Town will be able to meet its obligations as they become due in the foreseeable future. The Town's deteriorating financial condition could potentially discourage community investment, economic development, or similar activities.

The Town's plan to alleviate this situation is based in part off of future anticipated collections from the Federal Emergency Management Agency related to the aforementioned damages from Hurricane Laura, reimbursed expenditures from a local road district maintenance tax, and a decrease in working hours and reduction of personnel. Lastly, another sales tax will be placed on the ballot in the near future, which has the potential to increase Town revenues significantly.

TOWN OF BOYCE

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 525,000	\$ 765,500	\$ 915,033	\$ 149,533
License and permits	30,000	33,000	75,307	42,307
Intergovernmental	-	-	42,500	42,500
Bonds and fines	60,000	130,000	184,219	54,219
Recreation Income	6,000	250	200	(50)
Rental Income	3,500	-	400	400
Insurance Proceeds	-	56,000	66,943	10,943
Miscellaneous	14,820	77,230	5,665	(71,565)
Total revenues	<u>639,320</u>	<u>1,061,980</u>	<u>1,290,267</u>	<u>228,287</u>
Expenditures:				
General government	195,600	306,308	261,168	45,140
Public safety	297,200	517,267	725,535	(208,268)
Streets and sanitation	142,000	233,927	401,288	(167,361)
Recreation	51,200	45,900	24,856	21,044
Capital Expenditures	-	236,611	245,570	(8,959)
Debt Service	45,600	46,060	50,572	(4,512)
Total expenditures	<u>731,600</u>	<u>1,386,073</u>	<u>1,708,989</u>	<u>(322,916)</u>
Excess (deficiency) of revenues over expenditures	<u>(92,280)</u>	<u>(324,093)</u>	<u>(418,722)</u>	<u>(94,629)</u>
Other financing sources (uses):				
Debt Proceeds	-	181,611	214,570	32,959
Operating transfers (net)	92,280	151,106	158,668	7,562
Total other financing sources (uses)	<u>92,280</u>	<u>332,717</u>	<u>373,238</u>	<u>40,521</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>-</u>	<u>8,624</u>	<u>(45,484)</u>	<u>(54,108)</u>
Fund balance - beginning of year	<u>84,584</u>	<u>58,182</u>	<u>58,182</u>	<u>-</u>
Fund balance - end of year	<u>\$ 84,584</u>	<u>\$ 66,806</u>	<u>\$ 12,698</u>	<u>\$ (54,108)</u>

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%
June 30, 2017	0.26446%	228,823	227,525	100.6%	63.5%
June 30, 2018	0.32040%	271,006	298,569	90.8%	65.6%
June 30, 2019	0.40558%	354,806	297,384	119.3%	66.1%
June 30, 2020	0.38453%	348,471	335,804	103.8%	66.3%
Municipal Police Employees' Retirement System					
June 30, 2017	0.00197%	17,225	22,545	76.4%	70.1%
June 30, 2018	0.00774%	65,443	35,421	184.8%	71.9%
June 30, 2019	0.01133%	102,877	63,252	162.6%	71.0%
June 30, 2020	0.02141%	197,915	156,674	126.3%	70.9%

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%
June 30, 2017	29,798	21,652	8,146	227,525	9.52%
June 30, 2018	41,609	31,646	9,963	298,569	10.60%
June 30, 2019	41,634	43,395	(1,761)	297,384	14.59%
June 30, 2020	41,634	42,199	(565)	335,804	12.57%
Municipal Police Employees' Retirement System					
June 30, 2017	6,950	1,871	5,079	22,545	8.30%
June 30, 2018	11,392	7,032	4,360	35,421	19.85%
June 30, 2019	20,489	11,421	9,068	63,252	18.06%
June 30, 2020	20,489	21,546	(1,057)	156,674	13.75%

TOWN OF BOYCE

Schedule of Compensation Paid to Board Members

Year ended May 31, 2021

Alma Moore	\$	15,000
Lucretia McCoy		9,000
Kelvin McCoy		8,400
Charles Veal		4,900
Linda Fisher		8,400
Cathy Fisher		8,400
Peggy Brew		<u>3,197</u>
Total Compensation	\$	<u><u>57,297</u></u>

TOWN OF BOYCE

***Schedule of Compensation, Benefits and Other Payments to the
Agency Head or Chief Executive Officer
Year ended May 31, 2021***

Agency Head Name: Mayor
Alma Moore

PURPOSE

Salary	\$	15,000
Benefits		-
Reimbursements		301

TOWN OF BOYCE

Louisiana Community Development Block Grant Supplemental Schedule

Statement of Net Position - Community Development Block Grant - Regulatory Basis (Included in Proprietary Fund) - May 31, 2021

ASSETS:

Current Assets:

Cash	\$	-
Grant Revenue Receivable		-
Due from Other Funds		-
Total assets		<u>-</u>

LIABILITIES:

Current Liabilities:

Accounts Payable		79,065
Contracts Payable		-
Due to Other Funds		-
Retainage Payable		-
Total liabilities		<u>79,065</u>

NET POSITION:

Unrestricted		(79,065)
Total net position		<u><u>\$ (79,065)</u></u>

Statement of Revenues, Expenses and Changes in Net Position - Regulatory Basis Community Development Block Grant (Included in Proprietary Funds) - May 31, 2021

REVENUES:

Intergovernmental Revenues	\$	-
LCDBG Program Revenue		209,910
Local Revenue		-
LCDBG Program Income		-
Total Revenues		<u>209,910</u>

EXPENDITURES:

Administration		7,000
Acquisition		-
Engineering		30,640
Construction		209,910
Clearance/Demolition		-
Planning		-
Total Expenditures		<u>247,550</u>

TRANSFERS:

Operating Transfers (net)		<u>3,235</u>
Net Change in Net Position		(34,405)
Total Net Position - Beginning of the Year		<u>(44,660)</u>
Total Net Position - End of the Year		<u><u>\$ (79,065)</u></u>

The schedules appearing above are presented to comply with the Division of Administration's requirements for the Louisiana Community Development Block Grant Program. The figures are presented on a regulatory basis of accounting prescribed by the Division of Administration for this program.

TOWN OF BOYCE

**Justice System Funding Schedule - Collecting / Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session -
Cash Basis Presentation
For the Year Ended May 31, 2021**

	First Six Month Period Ended November 30, 2020	Second Six Month Period Ended May 31, 2021
Beginning Balance of Amounts Collected	\$ -	\$ 80,465
Add: Collections		
Criminal Court Costs/Fees	1,230	2,100
Criminal Fines - Contempt	8,250	10,750
Criminal Fines - Other	65,065	119,530
Service/Collection Fees	7,941	10,279
Subtotal Collections	<u>82,486</u>	<u>142,659</u>
Less: Disbursements to Governments & Nonprofits		
Louisiana Commission on Law Enforcement - Court Cost/Fees	68	196
Louisiana Commission on Law Enforcement - Court Cost/Crime Victim Fees	38	68
Crimestopper of Rapides Parish - Criminal Court Cost/Fees	68	196
North Louisiana Criminalistics Laboratory Commission - Court Cost/Fees	750	3,012
Louisiana Trail Court Case Management Information System - Court Cost/Fees	34	98
Louisiana Traumatic Head and Spinal Cord Injury - Criminal Court Fees	25	5
Less: Amounts Retained by the Town of Boyce		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	<u>1,038</u>	<u>769</u>
Subtotal Disbursements / Retainage	<u>2,021</u>	<u>4,344</u>
Ending Balance of Amounts Collected but not Disbursed	<u>\$ 80,465</u>	<u>\$ 218,780</u>

Town of Boyce
Schedule of Findings
For the Year Ended May 31, 2021

PART I – Summary of Auditor’s Results:

- The Independent Auditor’s Report on the financial statements for the Town of Boyce as of May 31, 2021 and for the year then ended expressed an unmodified opinion.
- The results of the audit disclosed instances of noncompliance (**Findings 2021-001, 2021-002, 2021-003, 2021-004, 2021-006, and 2021-007**) that are considered to be material to the financial statements of the Town of Boyce.
- One material weakness in internal control over financial reporting was reported in connection with the audit (**2021-005**).
- One significant deficiency in internal control over financial reporting was reported in connection with the audit (**2021-010**).

PART II – Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2021-001 – Noncompliance with Salaries set by Ordinance

- *Criteria:* The Town of Boyce previously adopted ordinances setting the salary for the Police Chief, Town Clerk, and Utility Superintendent.
- *Condition:* In the current year, the Town did not pay these three officials in accordance with the Town’s ordinances.
- *Effect:* The Town was not in compliance with its legally adopted ordinances.
- *Cause:* When the Town reduced its operating hours from 40 to 32, the Town’s payroll clerk reduced the Town Clerk and Utility Superintendent’s salary accordingly. However, this was done in error, as the ordinance established a set salary. In addition, the payroll clerk paid the Police Chief an incorrect amount several times throughout the year.
- *Recommendation:* We recommend that the Town immediately pays its employees any amounts owed, and that the payroll clerk carefully review amounts paid to officials whose salary is set by ordinance.

Finding 2021-002 – Noncompliance with Louisiana Record Retention Laws

- *Criteria:* Louisiana Revised Statutes require municipalities to retain all public records, and requires persons and public bodies having control or custody of any public record to exercise diligence and care in preserving the public record for the period of time specified for such record by the State Archivist.
- *Condition:* The Town was unable to provide certain public records relating to credit card purchases to the Town Auditors upon request, as they were unable to be located.
- *Effect:* The Town was not in compliance with Louisiana Revised Statutes related to record retention, requiring the audit team to perform alternative procedures.

Town of Boyce
Schedule of Findings
For the Year Ended May 31, 2021

- *Cause:* The employees responsible for retaining certain files did not follow Louisiana Revised Statutes, and the Town did not retain custody of some files required to be retained by the Town.
- *Recommendation:* We recommend that the Town retain all records in accordance with the Town's retention schedule, and in accordance with Louisiana Law.

Finding 2021-003 – Noncompliance with Louisiana Government Budget Act

- *Criteria:* Louisiana Revised Statutes prohibit municipalities expenditures and other uses from being more than 5% of budgeted amounts.
- *Condition:* In the current year, unfavorable variances of expenditures exceeded 5%.
- *Effect:* The Town was not in compliance with the Louisiana Government Budget Act.
- *Cause:* The Town didn't make sufficient amendments to the budget once the Town of Boyce realized that unfavorable variances exceeded 5% of budgeted amounts.
- *Recommendation:* The Town of Boyce should implement policies and procedures to ensure that the budget is amended whenever variances exceed amounts allowed by the Louisiana Government Budget Act.

Finding 2021-004 – Late Payment to Retirement Systems

- *Criteria:* The Town of Boyce is a participant in two statewide retirement systems, which have requirements established by Louisiana Revised Statutes, including prompt payment of all amounts owed to the retirement systems.
- *Condition:* The Town of Boyce did not make all required payments to the two statewide retirement systems timely.
- *Effect:* The Town of Boyce was not in compliance with Louisiana Revised Statutes.
- *Cause:* The Town of Boyce's deteriorating financial condition led to cash flow challenges, and Town's management had to make choices regarding which obligations the Town would pay.
- *Recommendation:* We recommend that the Town's accounting personnel and management focus on paying all required retirement obligations timely in the future.

Finding 2021-005 – Accounting Practices and Financial Reporting

- *Criteria:* To foster accountability over financial reporting, the Town's accounting system should contain several elements, including readily available documentation, prompt payments of obligations when funds allow, proper classification of transactions, and the production of timely, relevant financial reports to management.

Town of Boyce
Schedule of Findings
For the Year Ended May 31, 2021

- Condition: The Town's generally dysfunctional nature of accounting practices has contributed to a variety of problems, including documentation being unavailable, finance charges and late fees for non-payment of accounts payable, and management's inability to properly evaluate financial decisions because of a lack of timely, accurate information.
- Effect: The Town has experienced a significant financial decline, in part precipitated by the dysfunction of the accounting system. In addition, finance charges and late fees have been incurred, and the Town has been noncompliant with the State's record retention laws.
- Cause: The Town's accounting personnel require additional training, and the Town's management must commit to fostering a proper control environment in the future.
- Recommendation: We recommend that the Town implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed. We also recommend that the Town's accounting personnel undergo additional training, and special attention is paid to monitoring accounts payable so that finance charges and late fees can be minimized in the future.

Finding 2021-006 – Noncompliance with Lawrason Act

- Criteria: The Lawrason Act requires municipalities to hold no fewer than one regular meeting in each month on a date and at a place and hour to be fixed by ordinance.
- Condition: The Town did not hold at least one regular meeting in each month on a date and at a place and hour fixed by ordinance.
- Effect: The Town was not in compliance with the Lawrason Act, which governs the operations of the Town.
- Cause: The Town's Mayor and Board of Alderman were unable to reach a quorum for two months of the year, in part due to the health issues of several individuals.
- Recommendation: While health issues cannot be controlled, we recommend that the Town make every effort to meet with a quorum at least once per a month, in order to stay in compliance with the Lawrason Act.

Finding 2021-007 – Debt Covenants

- Criteria: The Town is subject to several debt covenants, in accordance with its previously issued Utility Revenue Bonds.
- Condition: The Town did not comply with its debt covenants by failing to deposit \$106 per month into the Reserve Fund.
- Effect: The Town was not in compliance with its debt covenants at the end of the year.
- Cause: The Town's accounting personnel failed to make the required monthly transfer.

Town of Boyce
Schedule of Findings
For the Year Ended May 31, 2021

- *Recommendation:* We recommend that the Town establish a tickler system, to ensure that all required monthly transfers are performed in the future.

Finding 2021-008 – Vehicle Policies

- *Criteria:* As a Best Practice, the Town should adopt policies dictating the proper use of the Town’s vehicles. In addition, this policy should be adopted by management and the Town’s board of aldermen, to foster greater accountability.
- *Condition:* The Town, lacking such a policy, has created a potential framework for fraud, waste, or abuse related to the improper use of vehicles.
- *Effect:* Town employees, or management, may be using vehicles in an improper or wasteful fashion.
- *Cause:* The Town’s lack of a written vehicle policy has created a potential framework for fraud, waste, or abuse.
- *Recommendation:* We recommend that the Town expeditiously adopt and enforce a written vehicle use policy.

Finding 2021-009 – Credit Card Usage

- *Criteria:* As a Best Practice, the Town should pay off its credit card debt every month.
- *Condition:* The Town incurred interest charges on its credit card for several periods during the year.
- *Effect:* The Town is not utilizing its financial resources in an efficient manner. In addition, the Town may be violating Louisiana Revised Statutes requiring all debt to be approved by the State Bond Commission.
- *Cause:* The Town of Boyce’s deteriorating financial condition led to cash flow challenges, and Town’s management had to make choices regarding which obligations the Town would pay.
- *Recommendation:* We recommend that the Town prioritize paying its credit card off in the future, to enable the Town to conserve resources by eliminating interest payments.

Finding 2021-010 – Improper Payment to Town Clerk

- *Criteria:* The Town does not have a policy allowing for payment of compensatory time to employees.
- *Condition:* In the current year, the Town Clerk received a check for compensatory time that elapsed at the end of 2016.
- *Effect:* The Town may have made an improper payment to the Town Clerk for compensatory time, in violation of its leave policy.

Town of Boyce

Schedule of Findings

For the Year Ended May 31, 2021

- *Cause:* The Town's lack of a comprehensive, written employee policy, as well as a deficient control environment, allowed this payment to occur.
- *Recommendation:* We recommend that the Town review its policies to insure that in the future, all payments are made in accordance with the adopted leave policy. In addition, we suggest that the Town update its employee manual to clarify this and similar issues in the future.

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, 2021

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

Finding 2021-001: Noncompliance with Salaries set by Ordinance

The Town of Boyce previously adopted ordinances setting the salary for the Police Chief, Town Clerk, and Utility Superintendent. In the current year, the Town did not pay these three officials in accordance with the Town's ordinances. When the Town reduced its operating hours from 40 to 32, the Town's payroll clerk reduced the Town Clerk and Utility Superintendent's salary accordingly. However, this was done in error, as the ordinance established a set salary. In addition, the payroll clerk paid the Police Chief an incorrect amount several times throughout the year.

Finding 2021-002: Noncompliance with Louisiana Record Retention Laws

The Town was unable to provide certain public records relating to credit card purchases to the Town Auditors upon request, as they were unable to be located. The Town was not in compliance with Louisiana Revised Statutes related to record retention, requiring the audit team to perform alternative procedures.

Finding 2021-003: Noncompliance with Louisiana Government Budget Act

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 salaries, related expenses, and other various operating 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.

Finding 2021-004: Late Payment to Retirement Systems

The Town of Boyce is a participant in two statewide retirement systems, which have requirements established by Louisiana Revised Statutes, including prompt payment of all amounts owed to the retirement systems. The Town of Boyce did not make all required payments to the two statewide retirement systems timely.

Finding 2021-005: Accounting Practices and Financial Reporting

The Town's generally dysfunctional nature of accounting practices has contributed to a variety of problems, including documentation being unavailable, finance charges and late fees for non-payment of accounts payable, and

2021-001: Response

We will carefully review amounts paid to officials and employees whose salary is set by ordinance and immediately pay our employees any amounts owed.

2021-002: Response

We will retain all records in accordance with the Town's retention schedule and in accordance with Louisiana Law.

2021-003: Response

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

2021-004: Response

We will more closely monitor retirement payments in the future and ensure that all required retirement obligations are paid timely in the future.

2021-005: Response

We will implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed. In addition, the Town's accounting personnel will undergo additional training, and we will ensure special attention is

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2021

<p>management's inability to properly evaluate financial decisions because of a lack of timely, accurate information. The Town has experienced a significant financial decline, in part precipitated by the dysfunction of the accounting system. In addition, finance charges and late fees have been incurred, and the Town has been noncompliant with the State's record retention laws.</p> <p><u>Finding 2021-006: Noncompliance with Lawrason Act</u> The Town did not hold at least one regular meeting in each month on a date and at a place and hour fixed by ordinance. The Town's Mayor and Board of Alderman were unable to reach a quorum for two months of the year, in part due to the health issues of several individuals.</p> <p><u>Finding 2021-007: Debt Covenants</u> The Town did not comply with the debt covenants to deposit money monthly into the Water Reserve Fund. The Town is required to deposit \$106 per month into the Water Reserve Fund. The Town's accounting personnel failed to make the required monthly transfer.</p> <p><u>Finding 2021-010: Improper Payment to Town Clerk</u> In the current year, the Town Clerk received a check for compensatory time that elapsed at the end of 2016. The Town may have made an improper payment to the Town Clerk for compensatory time, in violation of its leave policy. The Town's lack of a comprehensive, written employee policy, as well as a deficient control environment, allowed this payment to occur.</p>	<p>paid to monitoring accounts payable so that finance charges and late fees can be minimized in the future.</p> <p><u>2021-006: Response</u> We will make every effort to meet with a quorum at least once per month in order to stay in compliance with the Lawrason Act.</p> <p><u>2021-007: Response</u> We will more closely monitor the debt covenant provisions in the future and ensure that all required monthly transfers are performed in the future.</p> <p><u>2021-010: Response</u> The Town will review its policies to ensure that in the future all payments are made in accordance with the adopted leave policy. Management will also update its employee manual to clarify this and similar issues for the future.</p>
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>There were no findings in connection with internal control and compliance material to federal awards.</p>	<p>Response - N/A.</p>
SECTION III - MANAGEMENT LETTER	
<p><u>Finding 2021-008: Vehicle Policies</u> As a Best Practice, the Town should adopt policies dictating the proper use of the Town's vehicles. In addition, this policy should be adopted by management and the Town's board of aldermen, to foster greater accountability. The Town, lacking such a policy, has created a potential framework for fraud, waste, or abuse related to the improper use of vehicles. Town employees, or management, may be using vehicles in an improper or wasteful fashion.</p>	<p><u>2021-008: Response</u> The Town will adopt and enforce a written vehicle use policy.</p>

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2021

Finding 2021-009: Credit Card Usage

The Town incurred interest charges on its credit card for several periods during the year. The Town is not utilizing its financial resources in an efficient manner. In addition, the Town may be violating Louisiana Revised Statutes requiring all debt to be approved by the State Bond Commission.

2021-009: Response

The Town will prioritize paying its credit card off in the future to enable the Town to conserve resources by eliminating interest payments.

**TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2021**

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

Finding 2020-001: Non-Compliance with Bond Covenants

The Town did not comply with the debt covenants to deposit money monthly into the Water Reserve Fund or the Contingency Fund. The Town is required to deposit \$106 per month into the Water Reserve Fund and \$100 per month into the Water Contingency Fund. Management has not complied with these covenants as an oversight.

Finding 2020-002: Budget Violation

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. The budget was not amended in the current year to account for these increased expenditures. This variance occurred due to management failing to properly budget salaries, related expenses, and other various operating 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.

Finding 2020-003: Improper Advances Paid to Elected Officials

The Mayor and Aldermen were paid advanced paychecks for five months of the year, including the June 1, 2020 paycheck being written at the end of the prior year. Elected officials may not receive compensation in excess of or less than the compensation adopted by the Town Council. In addition, public employees may not receive compensation in advance. The paychecks were dated at the end of the previous month rather than on the first day of the month. This has resulted in the elected officials receiving compensation less than the adopted compensation for the current audit period.

Finding 2020-004: Lack of Pay Increase Documentation

The previous Town Clerk received a raise from \$17.50 an hour to an hourly rate of \$18.95. There is no documentation of this change in pay rate. Any raises issued to the Town Clerk should be done by ordinance and must be documented in the employee's personnel file. Management should review their procedures for documenting changes in pay rates.

Unresolved:

See Managements Corrective Action Plan, Finding 2021-007.

Unresolved:

See Managements Corrective Action Plan, Finding 2021-003.

Resolved:

Management more closely monitors their paycheck procedures and has written paychecks in the correct period.

Resolved:

Management more closely monitors their change in pay rate documentation procedures to ensure that all future changes in pay rate are properly recorded.

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2021

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