

**TOWN OF BOYCE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED MAY 31, 2018**

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# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**RETIRED - 2005**

August 16, 2018

### 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

#### AUDITOR'S RESPONSIBILITY

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

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

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

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boyce, as of May 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### OTHER MATTERS

#### Required Supplementary Information

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

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

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

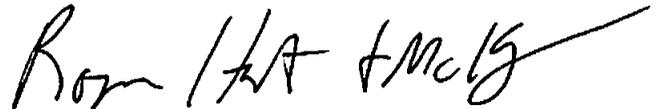
#### Other Supplemental Information

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

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

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2018, on our consideration of the Town of Boyce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Boyce's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

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August 16, 2018

**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, 2018, 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 August 16, 2018.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses

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or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance**

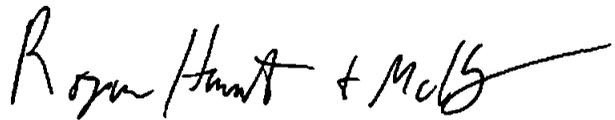
As part of obtaining reasonable assurance about whether the Town of Boyce's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2018-1, 2018-2, and 2018-3.

#### **Management's Response to Findings**

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

#### **Purpose of this Report**

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

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **TOWN OF BOYCE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**May 31, 2018**

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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, 2018.

### **Overview of Financial Statements**

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

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after June 1, 2004) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business-type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current

# **TOWN OF BOYCE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**May 31, 2018**

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

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility and sanitation services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### **Financial Analysis of the Town as a Whole**

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

#### **Net Position**

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

	<b>For the Year Ended May 31, 2018</b>			<b>For the Year Ended May 31, 2017</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Assets:</u></b>				
Current and other assets	\$ 99,729	\$ 244,974	\$ 344,703	\$ 530,880
Capital assets	622,551	3,333,317	3,955,868	3,807,241
Total assets	<u>722,280</u>	<u>3,578,291</u>	<u>4,300,571</u>	<u>4,338,121</u>
<b>Deferred Outflow of Resources</b>	<u>35,426</u>	<u>75,057</u>	<u>110,483</u>	<u>89,526</u>
<b><u>Liabilities:</u></b>				
Current and other liabilities	75,934	270,293	346,227	442,745
Long-term liabilities	134,877	456,058	590,935	584,121
Total liabilities	<u>210,811</u>	<u>726,351</u>	<u>937,162</u>	<u>1,026,866</u>
<b>Deferred Inflows of Resources</b>	<u>5,441</u>	<u>19,914</u>	<u>25,355</u>	<u>34,369</u>
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	515,441	3,059,751	3,575,192	3,401,417
Restricted	----	36,206	36,206	36,179
Unrestricted	26,013	(188,874)	(162,861)	(71,184)
Total Net Position	<u>\$ 541,454</u>	<u>\$ 2,907,083</u>	<u>\$ 3,448,537</u>	<u>\$ 3,366,412</u>

# **TOWN OF BOYCE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**May 31, 2018**

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As the presentation appearing above demonstrates, the largest portion of the Town's net position is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net position represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders.

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

### **Changes in Net Assets**

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

	<b>For the Year Ended May 31, 2018</b>			<b>For the Year Ended May 31, 2017</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	
<b><u>Revenues:</u></b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 14,401	\$ 1,261,938	\$ 1,276,339	\$ 1,264,620
Operating Grants and Contributions	----	23,468	23,468	----
Capital Grants and Contributions	----	373,356	373,356	274,203
<b>General Revenue:</b>				
Property Taxes	16,577	----	16,577	17,455
Sales Taxes	431,153	----	431,153	343,130
Franchise Taxes	7,939	----	7,939	8,376
Occupational Licenses	52,708	----	52,708	53,371
Miscellaneous	14,976	228	15,204	10,336
<b>Total Revenue</b>	<b>537,754</b>	<b>1,658,990</b>	<b>2,196,744</b>	<b>1,971,491</b>
<b><u>Program Expenses:</u></b>				
General Government	171,413	----	171,413	153,153
<b>Public Safety</b>				
Police Department	238,877	----	238,877	184,973
Fire Department	63,025	----	63,025	62,233
Streets and Drainage	186,141	----	186,141	176,855
Recreation	67,938	----	67,938	68,227
Lights	----	560,103	560,103	558,003
Natural Gas System	----	198,250	198,250	172,452

# **TOWN OF BOYCE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2018**

	For the Year Ended May 31, 2018			For the Year Ended May 31, 2017
	Governmental Activities	Business- Type Activities	Total	
Water	----	256,008	256,008	223,378
Sewer	----	298,885	298,885	309,869
Sanitation	----	73,979	73,979	71,934
Total Expenses	<u>727,394</u>	<u>1,387,225</u>	<u>2,114,619</u>	<u>1,981,077</u>
Increase in Net Position				
Before Transfers	(189,640)	271,765	82,125	(9,586)
Transfers	125,209	(125,209)	----	----
Change in Net Position	<u>(64,431)</u>	<u>146,556</u>	<u>82,125</u>	<u>(9,586)</u>
Net Position Beginning:	<u>605,885</u>	<u>2,760,527</u>	<u>3,366,412</u>	<u>3,375,998</u>
Net Position Ending	<u>\$ 541,454</u>	<u>\$ 2,907,083</u>	<u>\$ 3,448,537</u>	<u>\$ 3,366,412</u>

Governmental activities decreased the Town's net position by \$64,431. This decrease is due to a general increase in expenses during the current year.

Business-type activities increased the Town's net position by \$146,556. This increase is due to the Town receiving a Community Development Block Grant for water system improvements and a Delta Regional Authority grant for sewer system improvements. Any excess unrestricted resources were transferred to the general fund.

### **Financial Analysis of the Town's Funds**

The Town's governmental funds reported combined fund balances of \$68,576, which represents a decrease of \$1,309.

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

### **General Fund Budget Highlights**

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

### **Capital Asset Administration**

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

- The equipment purchased in the governmental activities is a new Streets vehicle.

# **TOWN OF BOYCE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**May 31, 2018**

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- The Town completed the Community Development Block Grant for water system improvements and the Delta Regional Authority grant for sewer system improvements in the current year.

### **Debt Administration**

During the year, the Town entered into a lease-purchase agreement for a new Streets vehicle. The lease proceeds are \$26,168. 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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Cash and cash equivalents	\$ 18,553	\$ 81,724	\$ 100,277
Receivables (net)	81,176	127,044	208,220
Restricted assets			
Cash and cash equivalents	-	36,206	36,206
Capital Assets			
Non depreciable capital assets	170,007	20,337	190,344
Depreciable capital assets (net)	<u>452,544</u>	<u>3,312,980</u>	<u>3,765,524</u>
<b>Total assets</b>	<u>722,280</u>	<u>3,578,291</u>	<u>4,300,571</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Pension funding deferrals	<u>35,426</u>	<u>75,057</u>	<u>110,483</u>
<b><u>LIABILITIES:</u></b>			
Accounts payable	31,153	125,919	157,072
Deposits due others	-	127,779	127,779
Long-term liabilities			
Compensated Absences	7,158	13,513	20,671
Net Pension Liability	65,390	180,659	246,049
Notes Payable			
Due within one year	44,781	16,595	61,376
Due in more than one year	<u>62,329</u>	<u>261,886</u>	<u>324,215</u>
<b>Total liabilities</b>	<u>210,811</u>	<u>726,351</u>	<u>937,162</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Pension funding deferrals	<u>5,441</u>	<u>19,914</u>	<u>25,355</u>
<b><u>NET POSITION:</u></b>			
Invested in capital assets, net of related debt	515,441	3,059,751	3,575,192
Restricted for Debt Service	-	36,206	36,206
Unrestricted	<u>26,013</u>	<u>(188,874)</u>	<u>(162,861)</u>
<b>Total net position</b>	<u>\$ 541,454</u>	<u>\$ 2,907,083</u>	<u>\$ 3,448,537</u>

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

# **TOWN OF BOYCE**

## **Statement of Activities**

**Year Ended May 31, 2018**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b><u>Governmental Activities:</u></b>					
General government	\$ 171,413	\$ -	\$ -	\$ -	\$ (171,413)
Public safety					
Police	238,877	8,510	-	-	(230,367)
Fire	63,025	-	-	-	(63,025)
Streets & drainage	186,141	-	-	-	(186,141)
Recreation	67,938	5,891	-	-	(62,047)
Total governmental activities	<u>727,394</u>	<u>14,401</u>	<u>-</u>	<u>-</u>	<u>(712,993)</u>
<b><u>Business-Type Activities:</u></b>					
Lights	560,103	598,175	-	-	38,072
Natural gas system	198,250	200,401	3,468	-	5,619
Water	256,008	161,628	20,000	225,556	151,176
Sewer	298,885	197,587	-	147,800	46,502
Sanitation	73,979	104,147	-	-	30,168
Total Business-Type Activities	<u>1,387,225</u>	<u>1,261,938</u>	<u>23,468</u>	<u>373,356</u>	<u>271,537</u>
Total Primary Government	<u>\$ 2,114,619</u>	<u>\$ 1,276,339</u>	<u>\$ 23,468</u>	<u>\$ 373,356</u>	<u>\$ (441,456)</u>

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

# **TOWN OF BOYCE**

## **Statement of Activities (Continued)**

**Year Ended May 31, 2018**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Net (Expenses) Revenue
Net (Expense) Revenues (Continued From Previous Page	\$ (712,993)	\$ 271,537	\$ (441,456)
<b><u>General Revenues:</u></b>			
Taxes:			
Ad Valorem	16,577	-	16,577
Sales Taxes	431,153	-	431,153
Franchise	7,939	-	7,939
Occupational Licenses	52,708	-	52,708
Miscellaneous	14,976	228	15,204
Transfers	125,209	(125,209)	-
Total General Revenues and Transfers	648,562	(124,981)	523,581
Change in Net Position	(64,431)	146,556	82,125
Net Position Beginning	605,885	2,760,527	3,366,412
Net Position Ending	\$ 541,454	\$ 2,907,083	\$ 3,448,537

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

# **TOWN OF BOYCE**

## **Balance Sheet**

**Governmental Funds - May 31, 2018**

	General	Non-Major Fund	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 18,552	\$ 1	\$ 18,553
Receivables (net)	81,176	-	81,176
<b>Total assets</b>	<b>\$ 99,728</b>	<b>\$ 1</b>	<b>\$ 99,729</b>
<b><u>Liabilities and Fund Equity</u></b>			
<b><u>Liabilities:</u></b>			
Accounts and other payables	\$ 31,153	\$ -	\$ 31,153
<b>Total liabilities</b>	<b>31,153</b>	<b>-</b>	<b>31,153</b>
<b><u>Fund Balance:</u></b>			
Assigned	-	1	1
Unassigned	68,575	-	68,575
<b>Total fund equity</b>	<b>68,575</b>	<b>1</b>	<b>68,576</b>
<b>Total liabilities and fund equity</b>	<b>\$ 99,728</b>	<b>\$ 1</b>	<b>\$ 99,729</b>

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

Total Fund Balances - Governmental Funds	\$ 68,576
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)	452,544
	622,551
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	(107,110)
Compensated Absences	(7,158)
Net Pension Liability	(65,390)
	(179,658)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	(5,441)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	35,426
Net Assets of Governmental Activities	<b>\$ 541,454</b>

*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, 2018***

	General	Non-Major Fund	Total Governmental Funds
<b><u>Revenues:</u></b>			
Taxes:			
Ad valorem	\$ 16,577	\$ -	\$ 16,577
Sales tax	431,153	-	431,153
Franchise	7,939	-	7,939
Licenses and permits	52,708	-	52,708
Intergovernmental	-	-	-
Bonds and fines	8,510	-	8,510
Recreation Income	3,541	-	3,541
Rental Income	2,350	-	2,350
Miscellaneous	14,976	-	14,976
<b>Total revenues</b>	<b>537,754</b>	<b>-</b>	<b>537,754</b>
<b><u>Expenditures:</u></b>			
General government	165,755	-	165,755
Public safety			
Police Department	223,611	-	223,611
Fire Department	21,514	-	21,514
Streets & Drainage	145,566	-	145,566
Recreation	62,827	-	62,827
Capital Expenditures	26,168	-	26,168
Debt Service	44,999	-	44,999
<b>Total expenditures</b>	<b>690,440</b>	<b>-</b>	<b>690,440</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(152,686)</b>	<b>-</b>	<b>(152,686)</b>
<b><u>Other financing sources (uses):</u></b>			
Debt Proceeds	26,168	-	26,168
Operating transfers (net)	125,209	-	125,209
<b>Total other financing sources (uses)</b>	<b>151,377</b>	<b>-</b>	<b>151,377</b>
<b>Excess (deficiency) of revenues and expenditures and other uses</b>	<b>(1,309)</b>	<b>-</b>	<b>(1,309)</b>
<b>Fund balance - beginning of year</b>	<b>69,884</b>	<b>1</b>	<b>69,885</b>
<b>Fund balance - end of year</b>	<b>\$ 68,575</b>	<b>\$ 1</b>	<b>\$ 68,576</b>

*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, 2018***

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Net change in fund balances of Governmental Funds \$ (1,309)

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	26,168	
Depreciation expense reported on a government-wide basis	<u>(94,105)</u>	(67,937)

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. (5,392)

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. (3,843)

Governmental funds report proceeds from debt as an other financing source; however, debt proceeds are classified as a liability in the government-wide presentation. (26,168)

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. 40,218

Change in net position of governmental activities \$ (64,431)

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

# **TOWN OF BOYCE**

## **Statement of Net Position**

### **Proprietary Funds - Year Ended May 31, 2018**

	<b>Business-Type Activities - Enterprise Fund</b>					<b>Total</b>
	<b>Lights</b>	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	<b>Non-Major Funds</b>	
<b><u>ASSETS:</u></b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 62,807	\$ 17,109	\$ 435	\$ 1,373	\$ -	\$ 81,724
Receivables (net)	64,885	13,813	16,681	23,614	8,051	127,044
<b>Total current assets</b>	<b>127,692</b>	<b>30,922</b>	<b>17,116</b>	<b>24,987</b>	<b>8,051</b>	<b>208,768</b>
<b>Restricted assets:</b>						
Cash and cash equivalents	-	-	36,206	-	-	36,206
<b>Noncurrent assets:</b>						
Non-depreciable capital assets	-	3,127	9,210	8,000	-	20,337
Depreciable capital assets (net)	648,634	41,452	633,822	1,989,072	-	3,312,980
<b>Total noncurrent assets</b>	<b>648,634</b>	<b>44,579</b>	<b>643,032</b>	<b>1,997,072</b>	<b>-</b>	<b>3,333,317</b>
<b>Total assets</b>	<b>776,326</b>	<b>75,501</b>	<b>696,354</b>	<b>2,022,059</b>	<b>8,051</b>	<b>3,578,291</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>						
Pension funding deferrals	19,125	18,024	19,086	18,822	-	75,057
<b><u>LIABILITIES:</u></b>						
<b>Current liabilities:</b>						
Accounts payable	65,872	10,623	20,805	15,847	12,772	125,919
Current portion of long-term debt	-	-	11,680	4,915	-	16,595
<b>Total current assets</b>	<b>65,872</b>	<b>10,623</b>	<b>32,485</b>	<b>20,762</b>	<b>12,772</b>	<b>142,514</b>
<b>Noncurrent Liabilities:</b>						
Compensated absences payable	3,378	3,379	3,378	3,378	-	13,513
Deposits due others	80,869	46,910	-	-	-	127,779
Long-Term Debt	-	-	261,886	-	-	261,886
Net Pension Liability	46,033	43,383	45,939	45,304	-	180,659
<b>Total liabilities</b>	<b>196,152</b>	<b>104,295</b>	<b>343,688</b>	<b>69,444</b>	<b>12,772</b>	<b>726,351</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>						
Pension funding deferrals	5,074	4,782	5,064	4,994	-	19,914
<b><u>NET POSITION</u></b>						
Invested in capital assets, net of related debt	648,634	44,579	369,466	1,997,072	-	3,059,751
Restricted for debt service	-	-	36,206	-	-	36,206
Unrestricted	(54,409)	(60,131)	(38,984)	(30,629)	(4,721)	(188,874)
<b>Total net position</b>	<b>\$ 594,225</b>	<b>\$ (15,552)</b>	<b>\$ 366,688</b>	<b>\$ 1,966,443</b>	<b>\$ (4,721)</b>	<b>\$ 2,907,083</b>

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, 2018**

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
<b><u>Operating revenues:</u></b>						
Charges for services	\$ 580,407	\$ 196,538	\$ 152,710	\$ 193,872	\$ 102,131	\$ 1,225,658
Delinquent charges	13,146	3,351	4,384	3,140	2,016	26,037
Other operating income	4,622	512	4,534	575	-	10,243
<b>Total operating revenues</b>	<b>598,175</b>	<b>200,401</b>	<b>161,628</b>	<b>197,587</b>	<b>104,147</b>	<b>1,261,938</b>
<b><u>Operating expenses:</u></b>						
Salaries	51,884	53,619	62,690	55,530	-	223,723
Purchases (Electricity and Natural Gas)	380,297	56,248	7,007	3,228	-	446,780
Collection Expense	-	-	-	-	73,979	73,979
Repairs and maintenance	16,556	6,298	43,698	57,719	-	124,271
Legal and professional	14,113	18,688	12,875	14,438	-	60,114
Payroll taxes and benefits	32,937	33,055	32,836	32,312	-	131,140
Insurance	10,568	9,986	9,986	9,986	-	40,526
Depreciation	43,796	2,127	45,662	97,739	-	189,324
Other	9,952	18,229	26,923	27,933	-	83,037
<b>Total operating expenses</b>	<b>560,103</b>	<b>198,250</b>	<b>241,677</b>	<b>298,885</b>	<b>73,979</b>	<b>1,372,894</b>
<b>Operating income (loss)</b>	<b>38,072</b>	<b>2,151</b>	<b>(80,049)</b>	<b>(101,298)</b>	<b>30,168</b>	<b>(110,956)</b>
<b><u>Non-operating revenues (expenses):</u></b>						
Interest income	167	34	27	-	-	228
Operating grants	-	3,468	20,000	-	-	23,468
Interest expense	-	-	(14,331)	-	-	(14,331)
<b>Change in net position before capital grants and transfers</b>	<b>38,239</b>	<b>5,653</b>	<b>(74,353)</b>	<b>(101,298)</b>	<b>30,168</b>	<b>(101,591)</b>
<b><u>Capital grants and transfers:</u></b>						
Capital grants	-	-	225,556	147,800	-	373,356
Operating transfers (net)	(104,763)	(74,705)	46,429	32,185	(24,355)	(125,209)
<b>Change in net position</b>	<b>(66,524)</b>	<b>(69,052)</b>	<b>197,632</b>	<b>78,687</b>	<b>5,813</b>	<b>146,556</b>
<b>Total net position - beginning of year</b>	<b>660,749</b>	<b>53,500</b>	<b>169,056</b>	<b>1,887,756</b>	<b>(10,534)</b>	<b>2,760,527</b>
<b>Total net position - end of year</b>	<b>\$ 594,225</b>	<b>\$ (15,552)</b>	<b>\$ 366,688</b>	<b>\$ 1,966,443</b>	<b>\$ (4,721)</b>	<b>\$ 2,907,083</b>

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

# **TOWN OF BOYCE**

## **Statement of Cash Flows**

**Proprietary Funds - Year Ended May 31, 2018**

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<b><u>Cash flow from operating activities:</u></b>						
Cash received from customers	\$ 599,552	\$ 201,989	\$ 162,121	\$ 195,036	\$ 104,071	\$ 1,262,769
Cash payments to suppliers of goods and services	(435,310)	(135,523)	(121,574)	(157,217)	(79,716)	(929,340)
Cash payments to employees for service	(52,354)	(54,088)	(63,161)	(56,000)	-	(225,603)
Net cash provided (used) by operating activities	<u>111,888</u>	<u>12,378</u>	<u>(22,614)</u>	<u>(18,181)</u>	<u>24,355</u>	<u>107,826</u>
<b><u>Cash flows from non-capital financing activities:</u></b>						
Grant proceeds	-	3,468	387,927	147,800	-	539,195
Operating transfers in (out)	(104,763)	(74,705)	46,429	32,185	(24,355)	(125,209)
Net cash provided (used) by non-capital financing activities	<u>(104,763)</u>	<u>(71,237)</u>	<u>434,356</u>	<u>179,985</u>	<u>(24,355)</u>	<u>413,986</u>
<b><u>Cash flows from capital and related financing activities:</u></b>						
Acquisition of capital assets	-	-	(389,197)	(159,061)	-	(548,258)
Principle paid on capital debt	-	-	(11,098)	(7,412)	-	(18,510)
Interest paid on capital debt	-	-	(14,331)	-	-	(14,331)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(414,626)</u>	<u>(166,473)</u>	<u>-</u>	<u>(581,099)</u>
<b><u>Cash flows from investing activities:</u></b>						
Interest and other income	167	34	27	-	-	228
Net cash provided (used) by investing activities	<u>167</u>	<u>34</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>228</u>
Net increase (decrease) in cash	7,292	(58,825)	(2,857)	(4,669)	-	(59,059)
Beginning cash balance	55,515	75,934	39,498	6,042	-	176,989
Ending cash balance	62,807	17,109	36,641	1,373	-	117,930
Cash - restricted	-	-	36,206	-	-	36,206
Cash - unrestricted	<u>\$ 62,807</u>	<u>\$ 17,109</u>	<u>\$ 435</u>	<u>\$ 1,373</u>	<u>\$ -</u>	<u>\$ 81,724</u>
<b><u>Reconciliation of operating income (loss) to net cash</u></b>						
Operating Income (loss)	\$ 38,072	\$ 2,151	\$ (80,049)	\$ (101,298)	\$ 30,168	\$ (110,956)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	43,796	2,127	45,662	97,739	-	189,324
(Increase) decrease in accounts receivable	(4,101)	(104)	493	(2,551)	(76)	(6,339)
(Increase) decrease in net pension liability	1,109	1,535	850	564	-	4,058
(Decrease) increase in accounts payable	28,004	5,446	10,901	(12,165)	(5,737)	26,449
(Decrease) increase in meter deposits	5,478	1,692	-	-	-	7,170
(Decrease) increase in compensated absences	(470)	(469)	(471)	(470)	-	(1,880)
Net cash provided (used) by operating activities	<u>\$ 111,888</u>	<u>\$ 12,378</u>	<u>\$ (22,614)</u>	<u>\$ (18,181)</u>	<u>\$ 24,355</u>	<u>\$ 107,826</u>

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, 2018**

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### **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, 2018.

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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### **Basic Financial Statements**

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

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

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

### **Government-Wide Financial Statements**

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

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

### **Fund Financial Statements**

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

- **Major Governmental Funds**  
**General Fund** - The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Major Business-Type Funds**  
**Electricity System** – Used to account for electricity distribution, which is supported by user charges.

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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

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

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

Business-type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for electricity, natural gas, water, sewer, and sanitation services.

### **Basis of Accounting and Measurement Focus**

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

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

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

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

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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### **Non-Exchange Transactions**

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

### **Use of Estimates**

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

### **Restricted Assets**

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

### **Budget Practices**

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

### **Capital Assets**

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

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

### **Cash and Cash Equivalents**

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

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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

### **Internal Activity**

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

### **Compensated Absences**

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

### **Fund Balance Classification**

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

### **Statement of Cash Flows**

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

## **NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2018, the Town has \$136,483 in deposits (\$174,226 collected bank balance). These deposits are fully secured by federal deposit insurance. These amounts include restricted amounts of \$36,206.

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

### **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, 2018, 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, 2018, the Town has levied sales taxes described as follows:

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

### **NOTE 4 - RECEIVABLES**

At May 31, 2018, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ —	\$ 130,447	\$ 130,447
<u>Due From Other Governmental Units</u>			
Sales Taxes	81,176	—	81,176
Capital Grants Receivable	—	—	—
Total Receivables	81,176	130,447	211,623
Allowance for Doubtful Accounts	—	(3,403)	(3,403)
Net Receivables	\$ 81,176	\$ 127,044	\$ 208,220

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

### **NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Land	\$ 170,007	\$ ----	\$ ----	\$ 170,007
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	879,177	----	----	879,177
Furniture, Fixtures and Equipment	1,072,207	26,168	----	1,098,375
Infrastructure	1,572,279	----	----	1,572,279
Accumulated Depreciation	(3,003,182)	(94,105)	----	(3,097,287)
Total	<u>520,481</u>	<u>(67,937)</u>	<u>----</u>	<u>452,544</u>
Total Governmental Activities	<u>\$ 690,488</u>	<u>\$ (67,937)</u>	<u>\$ ----</u>	<u>\$ 622,551</u>
<b><u>Business-Type Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Land	\$ 20,337	\$ ----	\$ ----	\$ 20,337
Construction in Process	270,344	----	(270,344)	----
Total	<u>290,681</u>	<u>----</u>	<u>(270,344)</u>	<u>20,337</u>
<b>Depreciable Capital Assets</b>				
Utility System	6,049,097	504,562	----	6,553,659
Utility Buildings	22,357	----	----	22,357
Utility Equipment	261,744	171,670	----	433,414
Accumulated Depreciation	(3,507,126)	(189,324)	----	(3,696,450)
Total	<u>2,826,072</u>	<u>486,908</u>	<u>----</u>	<u>3,312,980</u>
Total Business-Type Activities	<u>\$ 3,116,753</u>	<u>\$ 486,908</u>	<u>\$ (270,344)</u>	<u>\$ 3,333,317</u>

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Government	\$ 4,337	\$ ----	\$ 4,337
Police Department	8,175	----	8,175
Fire Department	41,511	----	41,511
Street & Drainage	34,971	----	34,971
Recreation	5,111	----	5,111
Lights	----	43,796	43,796
Gas	----	2,127	2,127
Water	----	45,662	45,662
Sewer	----	97,739	97,739
<b>Total Depreciation Expense</b>	<b>\$ 94,105</b>	<b>\$ 189,324</b>	<b>\$ 283,429</b>

### **NOTE 6 - LONG-TERM LIABILITIES**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Revenue bonds payable	\$ ----	\$ 273,566	\$ 273,566
Utility Relocation Assistance Funds	----	4,915	4,915
Capital Leases	107,110	----	107,110
<b>Total long-term debt</b>	<b>107,110</b>	<b>278,481</b>	<b>385,591</b>
Due within one year	(44,781)	(16,595)	(61,376)
Due in more than one year	\$ 62,329	\$ 261,886	\$ 324,215

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2018:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Capital Lease	\$ 121,160	\$ 26,168	\$ 40,218	\$ 107,110
<b><u>Business-type Activities</u></b>				
Utility revenue bonds	284,664	----	11,098	273,566
Utility Relocation Assistance Funds	12,327	----	7,412	4,915
<b>Total business-type activities</b>	<b>296,991</b>	<b>----</b>	<b>18,510</b>	<b>278,481</b>
<b>Total long-term debts</b>	<b>\$ 418,151</b>	<b>\$ 26,168</b>	<b>\$ 58,728</b>	<b>\$ 385,591</b>

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

### **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, 2018, 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.	\$ 273,566
Total Revenue Bonds	<u>\$ 273,566</u>

### **Utility Relocation Assistance Funds**

The Town has been awarded \$49,415 of Utility Relocation Assistance Funds (URAF) necessary to move a sewer line. Utility Relocation Assistance Funds outstanding at May 31, 2018, are described as follows:

\$49,415 of Utility Relocation Assistance Funds were received in September 2013 with no interest. The funds are to be paid back over five (5) years at \$823 per month.	\$ 4,915
Total Revenue Bonds	<u>\$ 4,915</u>

### **Maturity of Long-Term Debt**

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

<u>Year Ended May 31<sup>st</sup></u>	<u>Principle</u>		
	<u>Revenue Bonds</u>	<u>URAF</u>	<u>Interest</u>
<u>Business-Type Activities</u>			
2019	\$ 11,680	\$ 4,915	\$ 13,748
2020	12,294	----	13,135
2021	12,939	----	12,490
2022	13,618	----	11,811
2023	14,332	----	11,097
2024-2028	83,763	----	43,383
2029-2033	108,169	----	18,977
2034	16,771	----	326
Total Business-Type	<u>\$ 273,566</u>	<u>\$ 4,915</u>	<u>\$ 124,967</u>

Total interest charged to expense for the business-type activities is \$14,331.

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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### **Capital Lease**

Details regarding capital leases outstanding at May 31, 2018 are as follows:

A capital lease in the amount of \$99,120 for the purchase of a new slope mower. The lease has an interest rate of 2.39% and is due in 60 monthly installments of \$1,754 with the final payment due November of 2020. \$ 52,688

A capital lease in the amount of \$40,876 for the purchase of a new police vehicle. The lease has an interest rate of 5.50% and is due in 36 monthly installments of \$1,234 with the final payment due September of 2019. 17,853

A capital lease in the amount of \$22,678 for the purchase of two new zero-turn mowers. The lease has an interest rate of 6.00% and is due in 48 monthly installments of \$533 with the final payment due September of 2020. 13,884

A capital lease in the amount of \$26,168 for the purchase of a new Streets 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. 22,685

Total Capital Leases \$ 107,110

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

<u>Year Ended May 31<sup>st</sup></u>	<u>Governmental Activities</u>
<u>Business-Type Activities</u>	
2019	\$ 48,252
2020	37,144
2021	20,409
2022	5,998
2023	1,500
Total minimum lease payments	<u>113,303</u>
Less amount representing interest	<u>(6,193)</u>
Present value of future minimum lease payments	<u>\$ 107,110</u>

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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### **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>
<b><u>Governmental Activities</u></b>				
Compensated Absences	\$ 3,315	\$ 3,843	\$ ----	\$ 7,158
<b><u>Business-type Activities</u></b>				
Compensated Absences	15,393	----	1,880	13,513
Total long-term debts	<u>\$ 18,708</u>	<u>\$ 3,843</u>	<u>\$ 1,880</u>	<u>\$ 20,671</u>

### **NOTE 7 – LONG-TERM CONTRACTS**

#### **Gas Contract**

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

#### **Electricity Contract**

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

#### **Sanitation Contract**

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

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS** **MAY 31, 2018**

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### **NOTE 8 - RISK MANAGEMENT**

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

### **NOTE 9 - BOARD MEMBER SALARIES**

For the year ended May 31, 2018, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

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

### **NOTE 10 – ACCOUNTS AND OTHER PAYABLES**

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

	<u>Payable to Vendors</u>
Governmental Activities	<u>\$ 31,153</u>
	<u>Payable to Vendors</u>
Business-Type Activities	
Lights	\$ 65,872
Gas	10,623
Water	20,805
Sewer	15,847
Non-Major	12,772
Total business-type activities	<u>\$ 125,919</u>

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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### **NOTE 11 - RESTRICTED RESOURCES**

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

### **NOTE 12 - TRANSFERS**

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

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
<b>Transfer of resources to cover expenses</b>			
Governmental Activities	\$ 125,209	\$ ----	\$ 125,209
Business-Type Activities			
Lights	----	(104,763)	(104,763)
Gas	----	(74,705)	(74,705)
Water	46,429	----	46,429
Sewer	32,185	----	32,185
Non-major fund	----	(24,355)	(24,355)
Total Business-Type	<u>78,614</u>	<u>(203,823)</u>	<u>(125,209)</u>
Total Transfers	<u>\$ 203,823</u>	<u>\$ (203,823)</u>	<u>\$ ----</u>

### **NOTE 13 – 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:

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 228,824	\$ 95,068	\$ 25,223
Municipal Police Employees' Retirement System	17,225	15,415	132
Total All Plans	<u>246,049</u>	<u>110,483</u>	<u>25,355</u>
Portion Applicable to Business Type Activities			
Electricity System	46,033	19,125	5,074
Natural Gas System	43,383	18,024	4,782
Water System	45,939	19,086	5,064
Sewer System	45,304	18,822	4,994
Total Business Type Activities	<u>180,659</u>	<u>75,057</u>	<u>19,914</u>
Portion Applicable to Governmental Type Activities	<u>\$ 65,390</u>	<u>\$ 35,426</u>	<u>\$ 5,441</u>

### **Municipal Employees' Retirement System of Louisiana:**

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

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

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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**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 13.25 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](http://mersla.com). The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 236,991,237
Plan Fiduciary Net Position	150,467,958
Net Pension Liability	<u>86,523,279</u>
Town’s Proportionate Share (Percentage)	0.264464%
Town’s Proportionate Share (Dollar)	<u>\$ 228,824</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, 2017 are provided as follows:

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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Beginning Net Pension Liability		\$ 206,628
Employer Contributions		(21,652)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	41,203	
Employee Contributions	<u>(6,584)</u>	34,619
Changes in Deferred Outflows of Resources		82
Changes in Deferred Inflows of Resources		<u>9,147</u>
Ending Net Pension Liability		<u>\$ 228,824</u>

There were no changes between June 30, 2017 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 1,199	\$ 4,967	\$ (3,768)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	48,212	----	48,212
Changes of Assumptions	10,075	----	10,075
Changes in Proportion	6,716	20,256	(13,540)
Employer Contributions Made After the Measurement Date	<u>28,866</u>	----	<u>28,866</u>
Total Deferrals	95,068	25,223	69,845
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>28,866</u>	----	<u>28,866</u>
Deferrals Subject to Amortization	<u>\$ 66,202</u>	<u>\$ 25,223</u>	<u>\$ 40,979</u>

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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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, 2019	\$ 12,614
May 31, 2020	13,323
May 31, 2021	12,871
May 31, 2022	<u>2,171</u>
Total	<u>\$ 40,979</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, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.4%, net of investment expense
Projected Salary Increases	5.00% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS** **MAY 31, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Totals	<u>100%</u>	<u>4.60%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.20%</u>

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 6.4% Discount Rate</u>	<u>Current Discount Rate 7.4%</u>	<u>1% Increase 8.4 % Discount</u>
Net Pension Liability	\$ 296,071	\$ 228,823	\$ 171,436

### **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,

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**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](http://lampers.org). The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,918,064,612
Plan Fiduciary Net Position	<u>2,045,022,309</u>
Net Pension Liability	873,042,303
Town's Proportionate Share (Percentage)	<u>0.001973%</u>
Town's Proportionate Share (Amount)	<u>\$ 17,225</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, 2017 are provided as follows:

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS** **MAY 31, 2018**

Beginning Net Pension Liability		\$	----
Employer Contributions			(1,871)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	6,231		
Employee Contributions	<u>(378)</u>		5,853
Change in Deferred Outflows of Resources			13,375
Change in Deferred Inflows of Resources			<u>(132)</u>
Ending Net Pension Liability		\$	<u>17,225</u>

There were no changes between June 30, 2017 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	\$ 113	\$ 132	\$ (19)
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	754	----	754
Changes of Assumptions	1,226	----	1,226
Changes in Proportion	11,282	----	11,282
Employer Contributions Made After the Measurement Date	<u>2,040</u>	<u>----</u>	<u>2,040</u>
Total Deferrals	15,415	132	15,283
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>2,040</u>	<u>----</u>	<u>2,040</u>
Deferrals Subject to Amortization	<u>\$ 13,375</u>	<u>\$ 132</u>	<u>\$ 13,243</u>

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

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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<u>For the Year Ending:</u>	
May 31, 2018	\$ 4,488
May 31, 2019	4,783
May 31, 2020	4,376
May 31, 2021	<u>(404)</u>
Total	<u>\$ 13,243</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, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.325% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.70% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	9.75%
	3 - 23	4.75%
	23 & Over	4.25%
Mortality Rates	RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (setback 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table setback 5 years for males and setback 3 years for females for disabled annuitants. RP-2000 Employee Table setback 4 years for males and 3 years for females for active members.	
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.	

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS**

**MAY 31, 2018**

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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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%

The discount rate used to measure the total pension liability was 7.325%. 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, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables

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:

# **TOWN OF BOYCE**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2018**

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	1% Decrease 6.325% Discount Rate	Current Discount Rate 7.325%	1% Increase 8.325% Discount
Net Pension Liability	\$ 23,798	\$ 17,225	\$ 11,711

### **NOTE 14 – CONTINGENCIES**

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2018, are described as follows:

#### **Litigation**

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

#### **Grant Compliance**

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

### **NOTE 15 – DEFICIT FUND BALANCE**

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

# **TOWN OF BOYCE**

## **General Fund**

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

#### **Budget and Actual**

**Year ended May 31, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
<b><u>Revenues:</u></b>				
Taxes	\$ 469,500	\$ 435,049	\$ 455,669	\$ 20,620
License and permits	50,000	49,765	52,708	2,943
Intergovernmental	-	-	-	-
Bonds and fines	10,000	6,218	8,510	2,292
Recreation Income	5,000	2,491	3,541	1,050
Rental Income	480	2,620	2,350	(270)
Miscellaneous	4,690	13,918	14,976	1,058
<b>Total revenues</b>	<b>539,670</b>	<b>510,061</b>	<b>537,754</b>	<b>27,693</b>
<b><u>Expenditures:</u></b>				
General government	129,638	152,309	165,755	(13,446)
Public safety	213,130	214,805	245,125	(30,320)
Streets and sanitation	139,665	134,225	145,566	(11,341)
Recreation	57,350	60,849	62,827	(1,978)
Capital Expenditures	46,000	-	26,168	(26,168)
Debt Service	42,208	43,375	44,999	(1,624)
<b>Total expenditures</b>	<b>627,991</b>	<b>605,563</b>	<b>690,440</b>	<b>(84,877)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(88,321)</b>	<b>(95,502)</b>	<b>(152,686)</b>	<b>(57,184)</b>
<b><u>Other financing sources (uses):</u></b>				
Debt Proceeds	-	-	26,168	26,168
Operating transfers (net)	88,321	79,714	125,209	45,495
<b>Total other financing sources (uses)</b>	<b>88,321</b>	<b>79,714</b>	<b>151,377</b>	<b>71,663</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>-</b>	<b>(15,788)</b>	<b>(1,309)</b>	<b>14,479</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>69,884</b>	<b>69,884</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ 54,096</b>	<b>\$ 68,575</b>	<b>\$ 14,479</b>

# **TOWN OF BOYCE**

## **Schedule of Net Pension Liability Data Cost Sharing Retirement Systems**

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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
<b>Municipal Employees' Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
June 30, 2017	0.00197%	17,225	22,545	76.4%	70.1%

# **TOWN OF BOYCE**

## **Schedule of Employer Contributions Cost Sharing Retirement Systems**

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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
<b>Municipal Employees' Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
June 30, 2017	6,950	1,871	5,079	22,545	8.30%

# **TOWN OF BOYCE**

## ***Schedule of Expenses - Budget and Actual*** ***General Fund*** ***Year ended May 31, 2018***

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b><u>General government:</u></b>				
Salary - mayor	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Salaries - aldermen	31,500	31,450	34,175	(2,725)
Salaries - office	18,763	17,119	15,381	1,738
Payroll taxes and related expenses	9,000	11,344	11,449	(105)
Retirement	2,000	1,160	2,040	(880)
Telephone	3,500	5,681	6,061	(380)
Office supplies	11,100	16,030	13,307	2,723
Advertising and printing	3,500	3,165	3,272	(107)
Dues	2,000	3,138	2,997	141
Accounting	9,000	9,708	14,035	(4,327)
Legal & Professional	3,600	4,988	8,055	(3,067)
Insurance	8,000	8,740	10,877	(2,137)
Miscellaneous	1,675	8,677	10,555	(1,878)
Janitorial	2,000	2,024	4,369	(2,345)
Travel and conventions	15,000	18,060	19,048	(988)
Building maintenance and security	1,500	3,525	2,634	891
<b>Total general government</b>	<b>129,638</b>	<b>152,309</b>	<b>165,755</b>	<b>(13,446)</b>
<b><u>Public safety:</u></b>				
<b>Police:</b>				
Salaries	103,400	126,039	133,228	(7,189)
Payroll taxes and related expenses	6,000	6,712	22,892	(16,180)
Retirement	20,000	5,948	6,154	(206)
Patrol car expenditures	17,000	12,013	13,300	(1,287)
Insurance	12,500	8,740	10,877	(2,137)
Uniforms and training	5,000	5,691	5,691	-
Supplies and equipment	3,870	8,333	11,452	(3,119)
Communications	6,000	7,430	6,814	616
Court Costs	2,000	2,065	1,365	700
Miscellaneous	5,060	12,330	11,838	492
<b>Fire protection:</b>				
Truck gas, oil and maintenance	4,000	1,278	2,484	(1,206)
Telephone	900	999	763	236
Insurance	9,000	8,740	10,877	(2,137)
Fire Supplies and small equipment	15,000	4,365	3,297	1,068
Building Maintenance	2,900	1,932	1,932	-
Miscellaneous	500	2,190	2,161	29
<b>Total public safety</b>	<b>213,130</b>	<b>214,805</b>	<b>245,125</b>	<b>(30,320)</b>

# **TOWN OF BOYCE**

Continued

## **Schedule of Expenses - Budget and Actual**

### **General Fund**

**Year ended May 31, 2018**

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final		(Negative)
<b><u>Streets and sanitation:</u></b>				
Salaries	84,390	60,326	66,373	(6,047)
Payroll taxes and related benefits	11,500	11,624	14,128	(2,504)
Repairs and maintenance	20,500	21,970	25,500	(3,530)
Gas and oil	6,000	8,364	8,260	104
Supplies	3,000	7,623	7,641	(18)
Insurance	8,000	10,305	10,504	(199)
Uniforms	2,000	3,315	4,070	(755)
Miscellaneous	4,275	10,698	9,090	1,608
<b>Total streets and sanitation</b>	<b>139,665</b>	<b>134,225</b>	<b>145,566</b>	<b>(11,341)</b>
<b><u>Recreation:</u></b>				
Salaries and related benefits	24,300	23,688	22,789	899
Building Maintenance	9,000	14,268	14,958	(690)
Insurance	7,000	8,740	10,877	(2,137)
Supplies	17,050	14,153	14,203	(50)
<b>Total recreation</b>	<b>57,350</b>	<b>60,849</b>	<b>62,827</b>	<b>(1,978)</b>
<b>Debt Service</b>	<b>42,208</b>	<b>43,375</b>	<b>44,999</b>	<b>(1,624)</b>
<b>Capital Expenditures</b>	<b>46,000</b>	<b>-</b>	<b>26,168</b>	<b>(26,168)</b>
<b>Total expenditures</b>	<b>\$ 627,991</b>	<b>\$ 605,563</b>	<b>\$ 690,440</b>	<b>\$ (84,877)</b>

# **TOWN OF BOYCE**

## ***Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer Year ended May 31, 2018***

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Agency Head Name: Mayor  
Alma Moore

**PURPOSE**

Salary	\$	7,500
Benefits		-
Reimbursements		3,348

## **Town of Boyce**

### **Schedule of Findings and Questioned Costs For the Year Ended May 31, 2018**

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#### **PART I – SUMMARY OF AUDITORS’ RESULTS:**

- The Independent Auditor’s Report on the financial statements for the Town of Boyce as of May 31, 2018 and for the year then ended expressed an unmodified opinion.
- The results of the audit disclosed instances of noncompliance (Findings 2018-1, 2018-2, and 2018-3) that are considered to be material to the financial statements of the Town of Boyce.
- The audit did not disclose any findings which are required to be reported as material weaknesses in internal control over financial reporting.

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

- **Finding 2018-1: Non-Compliance with Bond Covenants**  
In exchange for fees, the Town provides residents with water service. Operations of the water system has not produced sufficient income to recover the costs of operation and service debt incurred to construct the utility system. In order to provide income necessary to sustain operations and repay creditors, we suggest altering the Town’s water rate structure to provide the additional revenue needed to meet the water system’s obligations.
- **Finding 2018-2: Sales Tax Paid on Purchases**  
We have found instances in which the Town paid sales taxes on some purchases during the year. The Town is exempt from paying sales taxes on purchases. To ensure that the Town does not pay sales taxes in the future, we recommend that the Town provide each vendor with the form provided by the Louisiana Department of Revenue that demonstrates the Town’s tax exempt status.
- **Finding 2018-3: Budget Violation**  
The Town’s General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance occurred due to management failing to properly budget salaries, related expenses, and operating transfers. 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.

#### **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, 2018**

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

**Finding 2018-1: Non-Compliance with Bond Covenants**

In exchange for fees, the Town provides residents with water service. Operations of the water system has not produced sufficient income to recover the costs of operation and service debt incurred to construct the utility system. In order to provide income necessary to sustain operations and repay creditors, we suggest altering the Town's water rate structure to provide the additional revenue needed to meet the water system's obligations.

**2018-1: Response**

We will more closely monitor the debt covenant provisions in the future.

**Finding 2018-2: Sales Tax Paid on Purchases**

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

**2018-2: Response**

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

**Finding 2018-3: Budget Violation**

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. This variance occurred due to management failing to properly budget salaries, related expenses, and operating transfers. 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.

**2018-3: Response**

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

**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.

Response - N/A.

**TOWN OF BOYCE, LOUISIANA**  
**Managements Corrective Action Plan**  
**For the Year Ended May 31, 2018**

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<b>SECTION III - MANAGEMENT LETTER</b>	
There were no matters to report.	Response – N/A

**TOWN OF BOYCE, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended May 31, 2018**

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

**Finding 2017-1: Budget Violation**

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

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

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

**Finding 2017-3: Retirement**

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

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

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

**Unresolved:**

See Managements Corrective Action Plan, Finding 2018-3.

**Unresolved:**

See Managements Corrective Action Plan, Finding 2018-2.

**Resolved:**

The Town ceased the practice of paying retirement on overtime compensation.

**Resolved:**

These pay raises were rescinded and pay raises were properly granted by the Town Council.

**TOWN OF BOYCE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended May 31, 2018**

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

**APPENDIX A**  
**Statewide Agreed-Upon Procedures**

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

**JOHN S. ROZIER, IV, CPA, APALLC**  
**MARK S. MCKAY, CPA**  
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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

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

To the Town of Boyce and  
the Louisiana Legislative Auditor:

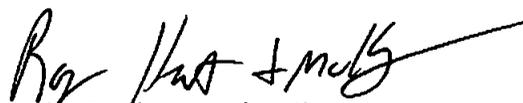
We have performed the procedures enumerated below, which were agreed to by the Town of Boyce (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period June 1, 2017 through May 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Rozier, Harrington and McKay  
Certified Public Accountants  
Alexandria, Louisiana  
August 16, 2018

**Post Office Box 12178 • Alexandria, Louisiana 71315-2178**  
**www.CenlaCPAs.com • Voice 318.442.1608 • Fax 318.487.2027**

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Written Policies and Procedures</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.  <ul style="list-style-type: none"><li>• Budgeting</li><li>• Purchasing</li><li>• Disbursements</li><li>• Receipts</li><li>• Payroll/Personnel</li><li>• Contracting</li><li>• Credit Cards</li><li>• Travel and expense reimbursements</li><li>• Ethics</li><li>• Debt</li></ul>	Written policies and procedures address the issues referenced in the agreed-upon procedures with the following exceptions: <ul style="list-style-type: none"><li>• Purchasing – Policies do not include how vendors are added to the vendor list.</li><li>• Disbursements</li><li>• Receipts</li><li>• Contracting</li><li>• Ethics</li><li>• Debt Service</li></ul>	Despite the absence of written details, the Town has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, policies and procedures will be evaluated to determine if it is necessary to document additional details in writing.



**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

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<b>Board (or Finance Committee)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	There were no deficit fund balances in the previous report.	<i>The results did not include findings or criticism.</i>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Bank Reconciliations</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>Bank statements were all prepared within 2 months of the related statement closing date.</p> <p>Two of the accounts selected had two months where the bank reconciliations did not include evidence that a member of management reviewed the bank reconciliation.</p> <p>There were no reconciling items outstanding for more than 12 months.</p>	<p><i>The results did not include findings or criticism.</i></p> <p>Bank reconciliation reviews will be performed and documented as necessary.</p> <p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p>	<p>A list of deposit sites and collection locations has been furnished and management has represented that the list is complete.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>The two employees who collect cash do not share cash drawers.</p>	<p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.	The Utility Clerk and Payroll Clerk collect the cash and prepare the deposit; the Town Clerk records the deposits and reconciles the bank accounts.	<i>The results did not include findings or criticism.</i>
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.	Employees responsible for collecting cash do not post collection entries to the general ledger.	<i>The results did not include findings or criticism.</i>
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.	Employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.	<i>The results did not include findings or criticism.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	All employees who have access to cash are covered by a bond.	<i>The results did not include findings or criticism.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as		

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Collections</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>Receipts are typically only issued for collections from customers for utilities and taxes.</p> <p>Transactions were supported by adequate documentation.</p> <p>Deposit slips agree with the bank statements.</p> <p>Due to the depository being more than 10 miles from the collection location, deposits were made within one week.</p> <p>Deposits agree with general ledger.</p>	<p><i>The results did not include findings or criticism.</i></p>

# **Town of Boyce**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at the Town Hall at 807 Londonderry Avenue.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>At least two employees are involved in initiating a purchase, approving a purchase, and placing an order.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>Checks require dual signatures.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>There are no policies or restrictions regarding maintenance of vendor files.</p>	<p>The absence of restrictions is mitigated by making sure all invoices are approved.</p>
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>The Town Clerk processes payments and mails checks.</p>	<p>An absence of resources prevents opportunities for segregation but procedures are in place to mitigate exposure resulting from these limitations.</p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>Disbursements selected are supported by documentation.</p> <p>Segregation is demonstrated by dual signatures on checks and approved invoices.</p>	<p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>A list was furnished and representations were obtained.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>The selected monthly statements were reviewed and approved in writing.</p> <p>The selected statements did not include finance charges or late fees.</p>	<p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Of the selected monthly statements, one was a First Bankcard statement with no activity and the other four were fuel cards.	<i>The results did not include findings or criticism.</i>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Travel and Expense Reimbursement</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (<a href="http://www.gsa.gov">www.gsa.gov</a>).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>A list was furnished and representations were obtained.</p> <p>Reimbursements were reimbursed using the rates established in the Town of Boyce's Ordinance 2011-08.</p> <p>All reimbursements were made using per not, not actual costs.</p> <p>Reimbursements are supported by adequate documentation.</p> <p>Reimbursements were reviewed and approved in writing.</p>	<p><i>The results did not include findings or criticism.</i></p> <p>The Town now reimburses employees according to the rates established by the State of Louisiana.</p> <p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>The selected contract was not subject to Louisiana Public Bid Law requirements due to it being purchased on state contract.</p> <p>The contract was approved by the board.</p> <p>There were no amendments in the current year.</p> <p>The supporting invoice and related payment agree to the terms and conditions of the contract.</p>	<p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>Authorized salaries and pay rates are not documented in the personnel files.</p>	<p>Pay rates are typically approved by the governing board and documented in the minutes.</p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Daily attendance was documented using an electronic time clock except for elected officials and the clerks who are salary employees that are not subject to documentation requirements. Attendance was properly approved.</p> <p>Leave records were properly recorded.</p>	<p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p> <p><i>The results did not include findings or criticism.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials'</p>	<p>Management has represented that no termination payments were made.</p>	<p><i>The results did not include findings or criticism.</i></p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response (Continued)**

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<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
authorized pay rates in the employee/officials' personnel files.  19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that payments and filings have been completed on time.	<i>The results did not include findings or criticism.</i>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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<b>Ethics</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p>	<p>Ethics training was only required for elected officials and town clerks.</p> <p>The Town has not adopted a written ethics policy.</p>	<p>We will schedule training for all personnel at the earliest opportunity and document completion in their personnel files.</p> <p>Due to the size of the workforce, standards of ethical behavior can be clearly communicated without adopting written policies or requiring formal acknowledgement.</p>

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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<b>Debt Service</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	Debt was limited to capital lease obligations not subject to bond commission approval due to non-appropriation clauses.	<i>The results did not include findings or criticism.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	The Town did not comply with their debt covenants.	We will review our debt covenants to ensure we comply with them in the future.

**Town of Boyce**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

Other		
Agreed-Upon Procedure	Results	Managements' Response
<p>23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</p>	<p>Based on management's representations, there were no misappropriations.</p>	<p><i>The results did not include findings or criticism.</i></p>
<p>24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.</p>	<p>No exceptions were identified.</p>	<p><i>The results did not include findings or criticism.</i></p>