

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-3
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Required Supplemental Information (Part I) Management's Discussion and Analysis	6-10
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities.....	12-13
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	16
Proprietary Funds	
Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Net Position.....	18
Statement of Cash Flows	19
Notes to Financial Statements.....	20-41
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual) – General Fund.....	42
Schedule of Net Pension Liability Data.....	43
Schedule of Employer Contributions.....	44
Other Supplemental Information	
Schedule of Expenses – (Budget and Actual) – General Fund.....	45-46
Schedule of Compensation, Benefits and Other Payments to the Agency Head Or Chief Executive Officer.....	47
Louisiana Community Development Block Grant Supplemental Schedule.....	48
Schedule of Findings	49
Management's Corrective Action Plan.....	50-51
Summary of Prior Year Findings.....	52



November 16, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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



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OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boyce, as of May 31, 2020, 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 Louisiana Community Development Block Grant Supplemental Schedule is presented for purposes of additional analysis of grant funds used to construct utility system improvements as requested by Louisiana Division of Administration, Office of Community Development, and is also 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 November 16, 2020, on our consideration of the Town of Boyce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Boyce's internal control over financial reporting and compliance.



ROZIER, McKAY & WILLIS
Certified Public Accountants



November 16, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Town of Boyce's basic financial statements, and have issued our report thereon dated November 16, 2020.

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 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.



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Compliance


As part of obtaining reasonable assurance about whether the Town of Boyce's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as items **2020-001, 2020-002, 2020-003, and 2020-004.**

Management's Response to Findings

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

Purpose of this Report

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


ROZIER, MCKAY & WILLIS
Certified Public Accountants

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2020

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, 2020.

Overview of Financial Statements

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

Government –Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS **May 31, 2020**

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

Financial Analysis of the Town as a Whole

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

Net Position

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

	For the Year Ended May 31, 2020			For the Year Ended May 31, 2019
	Governmental Activities	Business-Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 135,802	\$ 265,463	\$ 401,265	\$ 352,244
Capital assets	590,932	3,003,762	3,594,694	3,657,446
Total assets	726,734	3,269,225	3,995,959	4,009,690
Deferred Outflow of Resources	104,687	110,898	215,585	174,444
<u>Liabilities:</u>				
Current and other liabilities	117,416	334,283	451,699	377,907
Long-term liabilities	335,475	507,290	842,765	638,882
Total liabilities	452,891	841,573	1,294,464	1,016,789
Deferred Inflows of Resources	7,688	11,215	18,903	24,680
<u>Net Position:</u>				
Invested in Capital Assets (Net)	436,868	2,754,171	3,191,039	3,332,020
Restricted	---	32,314	32,314	36,587
Unrestricted	(66,026)	(259,150)	(325,176)	(225,942)
Total Net Position	\$ 370,842	\$ 2,527,335	\$ 2,898,177	\$ 3,142,665

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

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2020

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

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

Changes in Net Assets

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

	For the Year Ended May 31, 2020			For the Year Ended May 31, 2019
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 119,064	\$ 1,209,853	\$ 1,328,917	\$ 1,320,784
Operating Grants and Contributions	161,424	18,500	179,924	18,416
Capital Grants and Contributions	----	----	----	----
General Revenue:				
Property Taxes	23,991	----	23,991	16,310
Sales Taxes	553,720	----	553,720	584,241
Franchise Taxes	5,590	----	5,590	7,961
Occupational Licenses	58,644	----	58,644	66,741
Miscellaneous	10,340	269	10,609	11,176
Total Revenue	<u>932,773</u>	<u>1,228,622</u>	<u>2,161,395</u>	<u>2,025,629</u>
<u>Program Expenses:</u>				
General Government	204,575	----	204,575	197,357
Public Safety				
Police Department	535,546	----	535,546	298,793
Fire Department	68,762	----	68,762	78,106
Streets and Drainage	253,782	----	253,782	182,321
Recreation	51,660	----	51,660	55,926
Lights	----	519,399	519,399	623,217
Natural Gas System	----	181,122	181,122	226,249
Water	----	232,125	232,125	263,380
Sewer	----	281,062	281,062	327,983
Sanitation	----	77,849	77,849	78,169
Total Expenses	<u>1,114,325</u>	<u>1,291,557</u>	<u>2,405,882</u>	<u>2,331,501</u>

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2020

	For the Year Ended May 31, 2020			For the Year Ended May 31, 2019
	Govern- mental Activities	Business- Type Activities	Total	
Increase in Net Position				
Before Transfers	(181,552)	(62,935)	(244,487)	(305,872)
Transfers	75,011	(75,011)	----	----
Change in Net Position	(106,541)	(137,946)	(244,487)	(305,872)
Net Position Beginning:	477,383	2,665,282	3,142,665	3,448,537
Net Position Ending	<u>\$ 370,842</u>	<u>\$ 2,527,336</u>	<u>\$ 2,898,178</u>	<u>\$ 3,142,665</u>

Governmental activities decreased the Town's net position by \$106,541. This decrease is due to a general increase in expenses during the current year.

Business-type activities decreased the Town's net position by \$137,946. This decrease is due to an increase in expenses during the current year.

Financial Analysis of the Town's Funds

The Town's governmental funds reported combined fund balances of \$58,182, which represents an decrease of \$21,558.

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. No budget amendment was made in the current year.

Capital Asset Administration

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

- Equipment purchases for the governmental activities include three Public Safety vehicles and glass partitions installed at the new Town Hall.
- The Town installed a new pump and motor for Water Well #1.
- The Town of Boyce has been awarded a Louisiana Community Development Block Grant (LCDBG) for sewer system improvements, which will include a sewer force main replacement. All expenses incurred have been recorded as Construction in Process.

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2020

Debt Administration

A capital lease was issued for \$129,414 to finance three Public Safety vehicles in the current year. The only other activity related to debt administration was limited to paying amounts contractually due on existing debt.

Factors Expected to Effect Future Operations

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

TOWN OF BOYCE

Statement of Net Position

May 31, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 41,713	\$ 119,526	\$ 161,239
Receivables (net)	94,089	113,623	207,712
Restricted assets			
Cash and cash equivalents	-	32,314	32,314
Capital Assets			
Non depreciable capital assets	170,007	64,997	235,004
Depreciable capital assets (net)	420,925	2,938,765	3,359,690
Total assets	726,734	3,269,225	3,995,959
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension funding deferrals	104,687	110,898	215,585
<u>LIABILITIES:</u>			
Accounts payable	77,619	190,722	268,341
Deposits due others	-	130,622	130,622
Long-term liabilities			
Compensated Absences	16,365	17,798	34,163
Net Pension Liability	204,843	252,840	457,683
Notes Payable			
Due within one year	39,797	12,939	52,736
Due in more than one year	114,267	236,652	350,919
Total liabilities	452,891	841,573	1,294,464
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pension funding deferrals	7,688	11,215	18,903
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	436,868	2,754,171	3,191,039
Restricted for Debt Service	-	32,314	32,314
Unrestricted	(66,026)	(259,150)	(325,176)
Total net position	\$ 370,842	\$ 2,527,335	\$ 2,898,177

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

TOWN OF BOYCE

Statement of Activities

Year Ended May 31, 2020

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General government	\$ 204,575	\$ -	\$ -	\$ -	\$ (204,575)
Public safety					
Police	535,546	114,734	21,500	-	(399,312)
Fire	68,762	-	-	-	(68,762)
Streets & drainage	253,782	-	139,924	-	(113,858)
Recreation	51,660	4,330	-	-	(47,330)
Total governmental activities	<u>1,114,325</u>	<u>119,064</u>	<u>161,424</u>	<u>-</u>	<u>(833,837)</u>
<u>Business-Type Activities:</u>					
Lights	519,399	563,001	-	-	43,602
Natural gas system	181,122	184,226	-	-	3,104
Water	232,125	171,021	18,500	-	(42,604)
Sewer	281,062	191,743	-	-	(89,319)
Sanitation	77,849	99,862	-	-	22,013
Total Business-Type Activities	<u>1,291,557</u>	<u>1,209,853</u>	<u>18,500</u>	<u>-</u>	<u>(63,204)</u>
Total Primary Government	<u>\$ 2,405,882</u>	<u>\$ 1,328,917</u>	<u>\$ 179,924</u>	<u>\$ -</u>	<u>\$ (897,041)</u>

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

TOWN OF BOYCE

Statement of Activities (Continued)

Year Ended May 31, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Net (Expenses) Revenue
Net (Expense) Revenues (Continued From Previous Page	\$ (833,837)	\$ (63,204)	\$ (897,041)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	23,991	-	23,991
Sales Taxes	553,720	-	553,720
Franchise	5,590	-	5,590
Occupational Licenses	58,644	-	58,644
Miscellaneous	10,340	269	10,609
Transfers	75,011	(75,011)	-
Total General Revenues and Transfers	727,296	(74,742)	652,554
Change in Net Position	(106,541)	(137,946)	(244,487)
Net Position Beginning	477,383	2,665,282	3,142,665
Net Position Ending	\$ 370,842	\$ 2,527,336	\$ 2,898,178

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

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2020

	General	Non-Major Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 41,712	\$ 1	\$ 41,713
Receivables (net)	94,089	-	94,089
Total assets	\$ 135,801	\$ 1	\$ 135,802
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 77,619	\$ -	\$ 77,619
Total liabilities	77,619	-	77,619
<u>Fund Balance:</u>			
Assigned	-	1	1
Unassigned	58,182	-	58,182
Total fund equity	58,182	1	58,183
Total liabilities and fund equity	\$ 135,801	\$ 1	\$ 135,802

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

Total Fund Balances - Governmental Funds	\$ 58,183
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)	420,925
	590,932
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	(154,064)
Compensated Absences	(16,365)
Net Pension Liability	(204,843)
	(375,272)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	(7,688)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	
	104,687
Net Assets of Governmental Activities	<u>\$ 370,842</u>

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

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Balance ***Governmental Funds - Year Ended May 31, 2020***

	General	Non-Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 23,991	\$ -	\$ 23,991
Sales tax	553,720	-	553,720
Franchise	5,590	-	5,590
Licenses and permits	58,644	-	58,644
Intergovernmental	161,424	-	161,424
Bonds and fines	114,734	-	114,734
Recreation Income	840	-	840
Rental Income	3,490	-	3,490
Miscellaneous	10,340	-	10,340
Total revenues	932,773	-	932,773
<u>Expenditures:</u>			
General government	196,970	-	196,970
Public safety			
Police Department	489,311	-	489,311
Fire Department	38,718	-	38,718
Streets & Drainage	189,221	-	189,221
Recreation	48,073	-	48,073
Capital Expenditures	149,621	-	149,621
Debt Service	46,842	-	46,842
Total expenditures	1,158,756	-	1,158,756
Excess (deficiency) of revenues over expenditures	(225,983)	-	(225,983)
<u>Other financing sources (uses):</u>			
Debt Proceeds	129,414	-	129,414
Operating transfers (net)	75,011	-	75,011
Total other financing sources (uses)	204,425	-	204,425
Excess (deficiency) of revenues and expenditures and other uses	(21,558)	-	(21,558)
Fund balance - beginning of year	79,740	1	79,741
Fund balance - end of year	\$ 58,182	\$ 1	\$ 58,183

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, 2020

Net change in fund balances of Governmental Funds \$ (21,558)

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	149,621	
Depreciation expense reported on a government-wide basis	<u>(86,810)</u>	62,811

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. (52,800)

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. (4,471)

Governmental funds report proceeds from debt as an other financing source; however, debt proceeds are classified as a liability in the government-wide presentation. (129,414)

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. 38,891

Change in net position of governmental activities \$ (106,541)

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

TOWN OF BOYCE

Statement of Net Position

Proprietary Funds - Year Ended May 31, 2020

	Business-Type Activities - Enterprise Fund					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 87,959	\$ 25,806	\$ 2,767	\$ 2,994	\$ -	\$ 119,526
Receivables (net)	53,935	13,012	17,965	20,345	8,366	113,623
Total current assets	141,894	38,818	20,732	23,339	8,366	233,149
Restricted assets:						
Cash and cash equivalents	-	-	32,314	-	-	32,314
Noncurrent assets:						
Non-depreciable capital assets	-	3,127	9,210	52,660	-	64,997
Depreciable capital assets (net)	561,254	37,198	555,733	1,784,580	-	2,938,765
Total noncurrent assets	561,254	40,325	564,943	1,837,240	-	3,003,762
Total assets	703,148	79,143	617,989	1,860,579	8,366	3,269,225
DEFERRED OUTFLOWS OF RESOURCES:						
Pension funding deferrals	25,167	28,404	28,486	28,841	-	110,898
LIABILITIES:						
Current liabilities:						
Accounts payable	57,436	12,352	35,373	79,288	6,273	190,722
Current portion of long-term debt	-	-	12,939	-	-	12,939
Total current assets	57,436	12,352	48,312	79,288	6,273	203,661
Noncurrent Liabilities:						
Compensated absences payable	4,449	4,449	4,450	4,450	-	17,798
Deposits due others	81,242	49,380	-	-	-	130,622
Long-Term Debt	-	-	236,652	-	-	236,652
Net Pension Liability	57,379	64,759	64,946	65,756	-	252,840
Total liabilities	200,506	130,940	354,360	149,494	6,273	841,573
DEFERRED INFLOWS OF RESOURCES:						
Pension funding deferrals	2,545	2,872	2,881	2,917	-	11,215
NET POSITION						
Invested in capital assets, net of related debt	561,254	40,325	315,352	1,837,240	-	2,754,171
Restricted for debt service	-	-	32,314	-	-	32,314
Unrestricted	(35,990)	(66,590)	(58,432)	(100,231)	2,093	(259,150)
Total net position	\$ 525,264	\$ (26,265)	\$ 289,234	\$ 1,737,009	\$ 2,093	\$ 2,527,335

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, 2020

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
<u>Operating revenues:</u>						
Charges for services	\$ 543,176	\$ 180,851	\$ 160,455	\$ 185,701	\$ 97,797	\$ 1,167,980
Delinquent charges	14,122	3,127	4,068	3,603	2,065	26,985
Other operating income	5,703	248	6,498	2,439	-	14,888
Total operating revenues	563,001	184,226	171,021	191,743	99,862	1,209,853
<u>Operating expenses:</u>						
Salaries	53,980	60,802	60,980	61,723	-	237,485
Purchases (Electricity and Natural Gas)	347,004	38,125	6,271	6,423	-	397,823
Collection Expense	-	-	-	-	77,849	77,849
Repairs and maintenance	15,910	8,374	12,306	29,878	-	66,468
Legal and professional	15,757	13,757	13,757	13,865	-	57,136
Payroll taxes and benefits	23,978	31,793	30,052	31,342	-	117,165
Insurance	11,632	11,633	11,631	11,633	-	46,529
Depreciation	43,637	2,127	53,464	102,246	-	201,474
Other	7,501	14,511	30,529	23,952	-	76,493
Total operating expenses	519,399	181,122	218,990	281,062	77,849	1,278,422
Operating income (loss)	43,602	3,104	(47,969)	(89,319)	22,013	(68,569)
<u>Non-operating revenues (expenses):</u>						
Interest income	219	23	27	-	-	269
Operating grants	-	-	18,500	-	-	18,500
Interest expense	-	-	(13,135)	-	-	(13,135)
Change in net position before capital grants and transfers	43,821	3,127	(42,577)	(89,319)	22,013	(62,935)
<u>Capital grants and transfers:</u>						
Operating transfers (net)	(63,678)	(13,670)	28,443	(12,742)	(13,364)	(75,011)
Change in net position	(19,857)	(10,543)	(14,134)	(102,061)	8,649	(137,946)
Total net position - beginning of year	545,121	(15,721)	303,368	1,839,070	(6,556)	2,665,282
Total net position - end of year	\$ 525,264	\$ (26,264)	\$ 289,234	\$ 1,737,009	\$ 2,093	\$ 2,527,336

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

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2020

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 569,857	\$ 184,818	\$ 169,330	\$ 192,325	\$ 99,645	\$ 1,215,975
Cash payments to suppliers of goods and services	(425,291)	(109,486)	(94,538)	(73,854)	(86,281)	(789,450)
Cash payments to employees for service	(53,030)	(59,852)	(60,029)	(60,772)	-	(233,683)
Net cash provided (used) by operating activities	91,536	15,480	14,763	57,699	13,364	192,842
<u>Cash flows from non-capital financing activities:</u>						
Grant proceeds	-	-	18,500	-	-	18,500
Operating transfers in (out)	(63,678)	(13,670)	28,443	(12,742)	(13,364)	(75,011)
Net cash provided (used) by non-capital financing activities	(63,678)	(13,670)	46,943	(12,742)	(13,364)	(56,511)
<u>Cash flows from capital and related financing activities:</u>						
Acquisition of capital assets	-	-	(31,250)	(44,660)	-	(75,910)
Principle paid on capital debt	-	-	(12,294)	(2,445)	-	(14,739)
Interest paid on capital debt	-	-	(13,135)	-	-	(13,135)
Net cash provided (used) by capital and related financing activities	-	-	(56,679)	(47,105)	-	(103,784)
<u>Cash flows from investing activities:</u>						
Interest and other income	219	23	27	-	-	269
Net cash provided (used) by investing activities	219	23	27	-	-	269
Net increase (decrease) in cash	28,077	1,833	5,054	(2,148)	-	32,816
Beginning cash balance	59,882	23,973	30,027	5,142	-	119,024
Ending cash balance	87,959	25,806	35,081	2,994	-	151,840
Cash - restricted	-	-	32,314	-	-	32,314
Cash - unrestricted	\$ 87,959	\$ 25,806	\$ 2,767	\$ 2,994	\$ -	\$ 119,526
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 43,602	\$ 3,104	\$ (47,969)	\$ (89,319)	\$ 22,013	\$ (68,569)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	43,637	2,127	53,464	102,246	-	201,474
(Increase) decrease in accounts receivable	(555)	(349)	(1,691)	582	(217)	(2,230)
(Increase) decrease in net pension liability	1,266	7,562	5,783	6,906	-	21,517
(Decrease) increase in accounts payable	(4,774)	1,145	4,225	36,333	(8,432)	28,497
(Decrease) increase in meter deposits	7,411	942	-	-	-	8,353
(Decrease) increase in compensated absences	949	949	951	951	-	3,800
Net cash provided (used) by operating activities	\$ 91,536	\$ 15,480	\$ 14,763	\$ 57,699	\$ 13,364	\$ 192,842

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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, 2020.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Basic Financial Statements

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

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

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

Government-Wide Financial Statements

The Statement of Net 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, 2020

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

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

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

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

Basis of Accounting and Measurement Focus

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

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

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

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

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-

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

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. 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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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, 2020, the Town has \$193,553 in deposits (\$228,647 collected bank balance). These deposits are fully secured by federal deposit insurance. These amounts include restricted amounts of \$32,314.

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, 2020, 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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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, 2020, 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, 2020, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	Governmental Activities	Business- Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 117,026	\$ 117,026
<u>Due From Other Governmental Units</u>			
Sales Taxes	94,089	----	94,089
Total Receivables	94,089	117,026	211,115
Allowance for Doubtful Accounts	----	(3,403)	(3,403)
Net Receivables	<u>\$ 94,089</u>	<u>\$ 113,623</u>	<u>\$ 207,712</u>

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ ----	\$ ----	\$ 170,007
Depreciable Capital Assets				
Buildings and Improvements	879,177	----	----	879,177
Furniture, Fixtures and Equipment	1,095,375	129,414	(21,807)	1,202,982
Infrastructure	1,572,279	20,207	----	1,592,486

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

	Beginning Balance	Additions	Disposals	Ending Balance
Accumulated Depreciation	(3,188,717)	(86,810)	21,807	(3,253,720)
Total	358,114	(62,811)	----	420,925
Total Governmental Activities	\$ 528,121	\$ (62,811)	\$ ----	\$ 590,932
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ----	\$ ----	\$ 20,337
Construction in Process	----	44,660	----	44,660
Total	20,337	44,660	----	64,997
Depreciable Capital Assets				
Utility System	6,553,659	31,251	(50,765)	6,534,145
Utility Buildings	22,357	----	----	22,357
Utility Equipment	433,414	----	(34,135)	399,279
Accumulated Depreciation	(3,900,442)	(201,474)	84,900	(4,017,016)
Total	3,108,988	(170,223)	----	2,938,765
Total Business-Type Activities	\$ 3,129,325	\$ (125,563)	\$ ----	\$ 3,003,762

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

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 4,847	\$ ----	\$ 4,847
Police Department	12,489	----	12,489
Fire Department	30,044	----	30,044
Street & Drainage	35,843	----	35,843
Recreation	3,587	----	3,587
Lights	----	43,637	43,637
Gas	----	2,127	2,127
Water	----	53,464	53,464
Sewer	----	102,246	102,246
Total Depreciation Expense	\$ 86,810	\$ 201,474	\$ 288,284

NOTE 6 - LONG-TERM LIABILITIES

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue bonds payable	\$ ----	\$ 249,591	\$ 249,591
Capital Leases	154,064	----	154,064
Total long-term debt	154,064	249,591	403,655
Due within one year	(39,797)	(12,939)	(52,736)
Due in more than one year	<u>\$ 114,267</u>	<u>\$ 236,652</u>	<u>\$ 350,919</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Lease	\$ 63,541	\$ 129,414	\$ 38,891	\$ 154,064
<u>Business-type Activities</u>				
Utility revenue bonds	261,885	----	12,294	249,591
Utility Relocation Assistance Funds	2,445	----	2,445	----
Total business-type activities	264,330	----	14,739	249,591
Total long-term debts	<u>\$ 327,871</u>	<u>\$ 129,414</u>	<u>\$ 53,630</u>	<u>\$ 403,655</u>

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, 2020, 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.	<u>\$ 249,591</u>
Total Revenue Bonds	<u>\$ 249,591</u>

Maturity of Long-Term Debt

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

<u>Year Ended May 31st</u>	<u>Principle</u>	
	<u>Revenue</u>	<u>Interest</u>
	<u>Bonds</u>	
<u>Business-Type Activities</u>		
2021	\$ 12,939	\$ 12,490
2022	13,618	11,811
2023	14,332	11,097
2024	15,084	10,345
2025	15,876	9,553
2026-2030	92,783	34,363
2031-2034	84,959	8,426
Total Business-Type	<u>\$ 249,591</u>	<u>\$ 98,085</u>

Total interest charged to expense for the business-type activities is \$13,135.

Capital Lease

Details regarding capital leases outstanding at May 31, 2020 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.	\$ 12,183
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.	2,104
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.	12,666
A capital lease in the amount of \$129,414 for the purchase of three public safety vehicles. The lease has an interest rate of 4.50% and is due in 72 monthly installments of \$2,130 with the final payment due January of 2026.	127,111
Total Capital Leases	<u>\$ 154,064</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

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

<u>Year Ended May 31st</u>	<u>Governmental Activities</u>
<u>Business-Type Activities</u>	
2021	\$ 45,968
2022	31,558
2023	27,059
2024	25,560
2025	25,560
2026	17,040
Total minimum lease payments	172,745
Less amount representing interest	(18,681)
Present value of future minimum lease payments	<u>\$ 154,064</u>

Compensated Absences

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated Absences	\$ 11,894	\$ 4,471	\$ ----	\$ 16,365
<u>Business-type Activities</u>				
Compensated Absences	13,996	3,802	----	17,798
Total long-term debts	<u>\$ 25,890</u>	<u>\$ 8,273</u>	<u>\$ ----</u>	<u>\$ 34,163</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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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.

State of Louisiana – Property Contract

The Town has entered into a lease agreement with the State of Louisiana for the lease of a 3.9 acre tract of land and a building which previously served as a State Welcome Center along I-49. The lease agreement was entered into on April 8, 2019 and shall be effective from the date of execution and shall be binding for a term of one year. At the conclusion of the year, the State and the Town may execute a one year renewal. The agreement may be terminated early by a) written mutual agreement and consent of all the parties; or b) the State should this agreement be determined to be illegal or fatally defective. There are no minimum payments required under the contract except amounts agreed to between the State and Town.

An Act of the 2019 Legislature gave this State property to the Town of Boyce in exchange of consideration at least proportionate to the appraised value of the property. As of the date of this report, the transfer has not been finalized.

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, 2020, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Alma Moore	Mayor	\$ 13,750
Lucretia McCoy	Alderman	7,700
Kelvin McCoy	Alderman	7,700
Charles Veal	Alderman	7,700
Linda Fisher	Alderman	7,700
Cathy Fisher	Alderman	7,700
Total		<u>\$ 52,250</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>\$ 77,619</u>		
		<u>Payable Under Construction Contract</u>	<u>Total</u>
Business-Type Activities			
Lights	\$ 57,436	\$ ----	\$ 57,436
Gas	12,352	----	12,352
Water	35,373	----	35,373
Sewer	34,628	44,660	79,288
Non-Major	6,273	----	6,273
Total business-type activities	<u>\$ 146,062</u>	<u>\$ 44,660</u>	<u>\$ 190,722</u>

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:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

	Transfers In	Transfers Out	Net
Transfer of resources to cover expenses			
Governmental Activities	\$ 75,011	\$ ----	\$ 75,011
Business-Type Activities			
Lights	----	(63,678)	(63,678)
Gas	----	(13,670)	(13,670)
Water	28,443	----	28,443
Sewer	----	(12,742)	(12,742)
Non-major fund	----	(13,364)	(13,364)
Total Business-Type	28,443	(103,454)	(75,011)
Total Transfers	<u>\$ 103,454</u>	<u>\$ (103,454)</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:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 354,806	\$ 155,621	\$ 15,738
Municipal Police Employees' Retirement System	102,877	59,964	3,165
Total All Plans	457,683	215,585	18,903
Portion Applicable to Business Type Activities			
Electricity System	57,379	25,167	2,545
Natural Gas System	64,759	28,404	2,872
Water System	64,946	28,486	2,881
Sewer System	65,756	28,841	2,917
Total Business Type Activities	252,840	110,898	11,215
Portion Applicable to Governmental Type Activities	<u>\$ 204,843</u>	<u>\$ 104,687</u>	<u>\$ 7,688</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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

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

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

Funding Policy – Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Boyce is required to contribute at an actuarially determined rate. The Town's contribution is currently 14.00 percent. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Boyce are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Total Pension Liability	\$ 258,352,439
Plan Fiduciary Net Position	170,871,104
Net Pension Liability	<u>87,481,335</u>
Town's Proportionate Share (Percentage)	0.405578%
Town's Proportionate Share (Dollar)	<u>\$ 354,806</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, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 271,005
Employer Contributions	(43,394)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	102,273
Employee Contributions	<u>(10,693)</u>
Changes in Deferred Outflows of Resources	30,016
Changes in Deferred Inflows of Resources	<u>5,599</u>
Ending Net Pension Liability	<u>\$ 354,806</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 15,738	\$ (15,738)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	37,369	----	37,369
Changes of Assumptions	21,628	----	21,628
Changes in Proportion	54,990	----	54,990
Employer Contributions Made After the Measurement Date	41,634	----	41,634
Total Deferrals	<u>155,621</u>	<u>15,738</u>	<u>139,883</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>41,634</u>	<u>----</u>	<u>41,634</u>
Deferrals Subject to Amortization	<u>\$ 113,987</u>	<u>\$ 15,738</u>	<u>\$ 98,249</u>

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

<u>For the Year Ending:</u>	
May 31, 2021	\$ 57,896
May 31, 2022	32,132
May 31, 2023	4,976
May 31, 2024	<u>3,245</u>
Total	<u>\$ 98,249</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, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Actuarial Assumptions:	
Investment Rate of Return	7.0%, net of investment expense
Salary Increases, including inflation and merit increases:	

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

- 1 to 4 years of service	
- More than 4 years of service	7.4% 4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Disabled retiree Table set equal to 120% for males and females with the full generational MP2018 scales.

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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00%. 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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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

	1% Decrease 6.00%	Current Discount	1% Increase 8.00%
	Discount Rate	Rate 7.00%	Discount Rate
Net Pension Liability	\$ 472,864	\$ 354,806	\$ 254,959

Municipal Police Employees' Retirement System of Louisiana

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

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for each of the past three years.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 3,132,449,454
Plan Fiduciary Net Position	2,224,281,981
Net Pension Liability	908,167,473
Town's Proportionate Share (Percentage)	0.011328%
Town's Proportionate Share (Amount)	<u>\$ 102,877</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2020**

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, 2019 are provided as follows:

Beginning Net Pension Liability		\$ 65,443
Employer Contributions		(11,421)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	39,744	
Employee Contributions	<u>(2,332)</u>	37,412
Change in Deferred Outflows of Resources		11,264
Change in Deferred Inflows of Resources		<u>179</u>
Ending Net Pension Liability		<u>\$ 102,877</u>

There were no changes between June 30, 2019 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	\$ 216	\$ 3,165	\$ (2,949)
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	6,684	----	6,684
Changes of Assumptions	5,765	----	5,765
Changes in Proportion	47,299	----	47,299
Employer Contributions Made After the Measurement Date	<u>----</u>	<u>----</u>	<u>----</u>
Total Deferrals	59,964	3,165	56,799
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>----</u>	<u>----</u>	<u>----</u>
Deferrals Subject to Amortization	<u>\$ 59,964</u>	<u>\$ 3,165</u>	<u>\$ 56,799</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, 2020

<u>For the Year Ending:</u>	
May 31, 2021	\$ 27,580
May 31, 2022	17,968
May 31, 2023	9,585
May 31, 2024	<u>1,666</u>
Total	<u>\$ 56,799</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, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.125% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.50% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	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.	

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, 2019 are summarized in the following table:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%. 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:

	1% Decrease 6.125%	Current Discount	1% Increase 8.125%
	<u>Discount Rate</u>	<u>Rate 7.125%</u>	<u>Discount Rate</u>
Net Pension Liability	\$ 143,342	\$ 102,877	\$ 68,931

NOTE 14 – ON BEHALF PAYMENTS

The State Louisiana provides supplemental pay for public safety employees that meet certain

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 21,500
Total	<u>\$ 21,500</u>

NOTE 15 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2020, 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 16 – DEFICIT FUND BALANCE

The Gas Fund has 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, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Taxes	\$ 525,500	\$ 525,500	\$ 583,301	\$ 57,801
License and permits	50,000	50,000	58,644	8,644
Intergovernmental	-	-	161,424	161,424
Bonds and fines	67,500	67,500	114,734	47,234
Recreation Income	2,000	2,000	840	(1,160)
Rental Income	1,000	1,000	3,490	2,490
Miscellaneous	4,470	4,470	10,340	5,870
Total revenues	<u>650,470</u>	<u>650,470</u>	<u>932,773</u>	<u>282,303</u>
Expenditures:				
General government	156,650	156,650	196,970	(40,320)
Public safety	287,476	287,476	528,029	(240,553)
Streets and sanitation	131,990	131,990	189,221	(57,231)
Recreation	47,840	47,840	48,073	(233)
Capital Expenditures	86,276	86,276	149,621	(63,345)
Debt Service	56,728	56,728	46,842	9,886
Total expenditures	<u>766,960</u>	<u>766,960</u>	<u>1,158,756</u>	<u>(391,796)</u>
Excess (deficiency) of revenues over expenditures	<u>(116,490)</u>	<u>(116,490)</u>	<u>(225,983)</u>	<u>(109,493)</u>
Other financing sources (uses):				
Debt Proceeds	86,274	86,274	129,414	43,140
Operating transfers (net)	47,068	47,068	75,011	27,943
Total other financing sources (uses)	<u>133,342</u>	<u>133,342</u>	<u>204,425</u>	<u>71,083</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>16,852</u>	<u>16,852</u>	<u>(21,558)</u>	<u>(38,410)</u>
Fund balance - beginning of year	<u>26,580</u>	<u>26,580</u>	<u>79,740</u>	<u>53,160</u>
Fund balance - end of year	<u>\$ 43,432</u>	<u>\$ 43,432</u>	<u>\$ 58,182</u>	<u>\$ 14,750</u>

TOWN OF BOYCE

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount		Covered Payroll	Total Pension Liability
Municipal Employees' Retirement System					
June 30, 2015	0.31755%	215,822	184,940	116.7%	66.2%
June 30, 2016	0.24928%	206,628	198,554	104.1%	63.3%
June 30, 2017	0.26446%	228,823	227,525	100.6%	63.5%
June 30, 2018	0.32040%	271,006	298,569	90.8%	65.6%
June 30, 2019	0.40558%	354,806	297,384	119.3%	66.1%
Municipal Police Employees' Retirement System					
June 30, 2017	0.00197%	17,225	22,545	76.4%	70.1%
June 30, 2018	0.00774%	65,443	35,421	184.8%	71.9%
June 30, 2019	0.01133%	102,877	63,252	162.6%	71.0%

TOWN OF BOYCE

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2015	17,569	20,932	(3,363)	184,940	11.32%
June 30, 2016	21,575	17,398	4,177	198,554	8.76%
June 30, 2017	29,798	21,652	8,146	227,525	9.52%
June 30, 2018	41,609	31,646	9,963	298,569	10.60%
June 30, 2019	41,634	43,395	(1,761)	297,384	14.59%
Municipal Police Employees' Retirement System					
June 30, 2017	6,950	1,871	5,079	22,545	8.30%
June 30, 2018	11,392	7,032	4,360	35,421	19.85%
June 30, 2019	20,489	11,421	9,068	63,252	18.06%

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2020

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government:				
Salary - Mayor	\$ 15,000	\$ 15,000	\$ 13,750	\$ 1,250
Salaries - Aldermen	42,000	42,000	38,500	3,500
Salaries - Office	13,000	13,000	9,694	3,306
Payroll Taxes and Related Expenses	9,500	9,500	12,943	(3,443)
Retirement	3,000	3,000	1,231	1,769
Telephone	4,500	4,500	3,368	1,132
Office Supplies	5,000	5,000	6,967	(1,967)
Advertising and Printing	3,000	3,000	1,986	1,014
Dues	1,000	1,000	3,323	(2,323)
Accounting	8,000	8,000	10,723	(2,723)
Legal & Professional	10,000	10,000	23,399	(13,399)
Insurance	8,000	8,000	11,633	(3,633)
Miscellaneous	15,900	15,900	32,648	(16,748)
Janitorial	500	500	3,923	(3,423)
Travel and Conventions	15,000	15,000	11,033	3,967
Building Maintenance and Security	3,250	3,250	11,849	(8,599)
Total General Government	156,650	156,650	196,970	(40,320)
Public Safety:				
Police:				
Salaries	188,909	188,909	256,384	(67,475)
Payroll Taxes and Related Expenses	5,000	5,000	65,849	(60,849)
Retirement	7,500	7,500	20,489	(12,989)
Patrol Car Expenditures	16,000	16,000	29,729	(13,729)
Insurance	9,000	9,000	11,633	(2,633)
Uniforms and Training	9,000	9,000	18,103	(9,103)
Supplies and Equipment	8,217	8,217	50,423	(42,206)
Communications	5,400	5,400	5,148	252
Court Costs	1,000	1,000	796	204
Miscellaneous	7,750	7,750	30,757	(23,007)
Fire Protection:				
Truck Gas, Oil and Maintenance	4,800	4,800	8,865	(4,065)
Telephone	900	900	467	433
Insurance	9,000	9,000	11,633	(2,633)
Fire Supplies and Small Equipment	12,000	12,000	6,004	5,996
Building Maintenance	500	500	400	100
Miscellaneous	2,500	2,500	11,349	(8,849)
Total Public Safety	287,476	287,476	528,029	(240,553)

TOWN OF BOYCE

Continued

Schedule of Expenses - Budget and Actual **General Fund** **Year ended May 31, 2020**

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<u>Streets and sanitation:</u>				
Salaries	75,000	75,000	84,544	(9,544)
Payroll taxes and related benefits	14,000	14,000	29,984	(15,984)
Repairs and maintenance	14,500	14,500	13,060	1,440
Gas and oil	7,000	7,000	8,522	(1,522)
Supplies	5,000	5,000	6,266	(1,266)
Insurance	9,000	9,000	11,633	(2,633)
Uniforms	3,000	3,000	433	2,567
Miscellaneous	4,490	4,490	34,779	(30,289)
Total streets and sanitation	131,990	131,990	189,221	(57,231)
<u>Recreation:</u>				
Salaries and related benefits	18,750	18,750	23,068	(4,318)
Building Maintenance	3,000	3,000	4,214	(1,214)
Insurance	9,000	9,000	11,633	(2,633)
Supplies	17,090	17,090	9,158	7,932
Total recreation	47,840	47,840	48,073	(233)
Debt Service	56,728	56,728	46,842	9,886
Capital Expenditures	86,276	86,276	149,621	(63,345)
Total expenditures	\$ 766,960	\$ 766,960	\$ 1,158,756	\$ (391,796)

TOWN OF BOYCE

Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer Year ended May 31, 2020

Agency Head Name: Mayor
Alma Moore

PURPOSE

Salary	\$	13,750
Benefits		-
Reimbursements		1,789

TOWN OF BOYCE

Louisiana Community Development Block Grant Supplemental Schedule

Statement of Net Position - Community Development Block Grant - Regulatory Basis (Included in Proprietary Fund) - May 31, 2020

ASSETS:

Current Assets:

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

LIABILITIES:

Current Liabilities:

Accounts Payable		44,660
Contracts Payable		-
Due to Other Funds		-
Retainage Payable		-
Total liabilities		<u>44,660</u>

NET POSITION:

Unrestricted		<u>(44,660)</u>
Total net position	\$	<u>(44,660)</u>

Statement of Revenues, Expenses and Changes in Net Position - Regulatory Basis Community Development Block Grant (Included in Proprietary Funds) - May 31, 2020

REVENUES:

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

EXPENDITURES:

Administration		15,400
Acquisition		-
Engineering		29,260
Construction		-
Clearance/Demolition		-
Planning		-
Total Expenditures		<u>44,660</u>

Excess (Deficiency) of Revenues over Expenditures	\$	<u>(44,660)</u>
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The schedules appearing above are presented to comply with the Division of Administration's requirements for the Louisiana Community Development Block Grant Program. The figures are presented on a regulatory basis of accounting prescribed by the Division of Administration for this program.

Town of Boyce

Schedule of Findings

For the Year Ended May 31, 2020

PART I – SUMMARY OF AUDITORS’ RESULTS:

- The Independent Auditor’s Report on the financial statements for the Town of Boyce as of May 31, 2020 and for the year then ended expressed an unmodified opinion.
- The results of the audit disclosed instances of noncompliance (**Findings 2020-001, 2020-002, 2020-003, and 2020-004**) 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 2020-001: Non-Compliance with Bond Covenants**
The Town did not comply with the debt covenants to deposit money monthly into the Water Reserve Fund or the Contingency Fund. The Town is required to deposit \$106 per month into the Water Reserve Fund and \$100 per month into the Water Contingency Fund. Management has not complied with these covenants as an oversight.
- **Finding 2020-002: Budget Violation**
The Town’s General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. The budget was not amended in the current year to account for these increased expenditures. This variance occurred due to management failing to properly budget salaries, related expenses, and other various operating expenditures. Management should review the budget to actual expenditures each month and amend the budget when actual expenditures exceed budgeted expenditures by more than 5%. This will allow management to closely monitor the Town’s expenditures and reduce the risk of purchases that were not properly authorized.
- **Finding 2020-003: Improper Advances Paid to Elected Officials**
The Mayor and Aldermen were paid advanced paychecks for five months of the year, including the June 1, 2020 paycheck being written at the end of the prior year. Elected officials may not receive compensation in excess of or less than the compensation adopted by the Town Council. In addition, public employees may not receive compensation in advance. The paychecks were dated at the end of the previous month rather than on the first day of the month. This has resulted in the elected officials receiving compensation less than the adopted compensation for the current audit period.
- **Finding 2020-004: Lack of Pay Increase Documentation**
The previous Town Clerk received a raise from \$17.50 an hour to an hourly rate of \$18.95. There is no documentation of this change in pay rate. Any raises issued to the Town Clerk should be done by ordinance and must be documented in the employee’s personnel file. Management should review their procedures for documenting changes in pay rates.

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, 2020

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

Finding 2020-001: Non-Compliance with Bond Covenants

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

Finding 2020-002: Budget Violation

The Town's General Fund expenditures exceeded budgeted appropriations by more than the variances allowed by law. The budget was not amended in the current year to account for these increased expenditures. This variance occurred due to management failing to properly budget salaries, related expenses, and other various operating expenditures. Management should review the budget to actual expenditures each month and amend the budget when actual expenditures exceed budgeted expenditures by more than 5%. This will allow management to closely monitor the Town's expenditures and reduce the risk of purchases that were not properly authorized.

Finding 2020-003: Improper Advances Paid to Elected Officials

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

Finding 2020-004: Lack of Pay Increase Documentation

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

2020-001: Response

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

2020-002: Response

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

2020-003: Response

We will more closely monitor our paycheck procedures and be sure to write paychecks in the correct period.

2020-004: Response

We will more closely monitor our change in pay rate documentation procedures and ensure that all future changes in pay rate are properly recorded.

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2020

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
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There were no findings in connection with internal control and compliance material to federal awards.	Response - N/A.
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SECTION III - MANAGEMENT LETTER	
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There were no matters to report.	Response - N/A
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TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2020

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

Finding 2019-001: 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.

Unresolved:

See Managements Corrective Action Plan, Finding 2020-1.

Finding 2019-002: 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 other various operating expenditures. Management should review the budget to actual expenditures each month and amend the budget when actual expenditures exceed budgeted expenditures by more than 5%. This will allow management to closely monitor the Town's expenditures and reduce the risk of purchases that were not properly authorized.

Unresolved:

See Managements Corrective Action Plan, Finding 2020-2.

Finding 2019-003: Improper Advances Paid to Elected Officials

The Mayor and Aldermen were paid advanced paychecks for the subsequent month. Elected officials may not receive compensation in excess of the compensation adopted by the Town Council. In addition, public employees may not receive compensation in advance. The paychecks were dated May 31, 2019 but should have been dated June 1, 2019. These paychecks were printed early due to June 1st being a Saturday. This has resulted in the elected officials receiving compensation greater than the adopted compensation for the current audit period.

Unresolved:

See Managements Corrective Action Plan, Finding 2020-3.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

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

Response - N/A

SECTION III - MANAGEMENT LETTER

There were no matters to report.

Response - N/A