

TOWN OF BOYCE, LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MAY 31, 2009

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

Release Date 12/9/09

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RETIRED - 2005

November 17, 2009

INDEPENDENT AUDITORS' REPORT

The Honorable Donald Welch., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Boyce, as of and for the year ended May 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Boyce's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and each major fund of the Town of Boyce, as of May 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

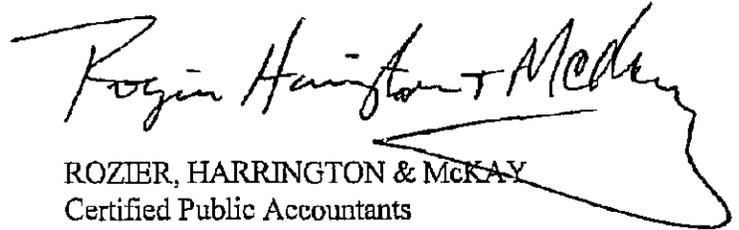
-Members-

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*The Honorable Donald Welch, Mayor
and Members of the Board of Aldermen
Town of Boyce*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2009, on our consideration of the Town of Boyce, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 general fund schedule of expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The general fund schedule of expense – budget and actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

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RETIRED - 2005

November 17, 2009

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 Donald Welch, Mayor
And the Board of Alderman
Town of Boyce, Louisiana

We have audited 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 (the Town), as of and for the year ended May 31, 2009, which collectively comprise the basic financial statements and have issued our report thereon dated November 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 one instance (Finding 2009-1) of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Boyce's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the

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Town of Boyce*

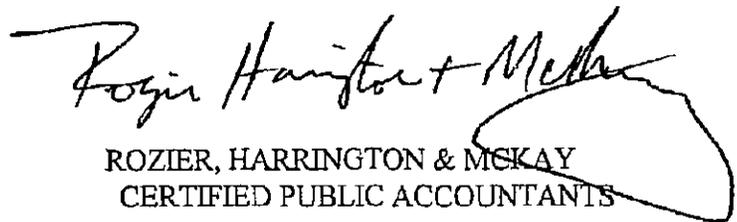
effectiveness of the Town of Boyce's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Boyce's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Boyce's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Boyce's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all matters in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.


ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

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, 2009.

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 the lights, gas, water and sewer systems and sanitation services are reported as business type activities.

Fund Financial Statements

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

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

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

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

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's light, gas, water and sewer systems, and sanitation services. Proprietary fund financial statements typically provide a more detail 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 Assets

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

	For the Year Ended May 31, 2009			For the Year Ended May 31, 2008
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 117,257	\$ 525,040	\$ 642,297	\$ 648,539
Capital assets	798,943	1,813,022	2,611,965	2,352,046
Total assets	<u>916,200</u>	<u>2,338,062</u>	<u>3,254,262</u>	<u>3,000,585</u>
<u>Liabilities:</u>				
Current and other liabilities	19,695	253,888	273,583	238,879
Long-term liabilities	14,973	442,012	456,985	529,474
Total liabilities	<u>34,668</u>	<u>695,900</u>	<u>730,568</u>	<u>768,353</u>
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	628,936	1,407,589	2,036,525	1,919,101
Restricted	---	42,322	42,322	41,956
Unrestricted	252,596	192,251	444,847	271,175
Total Net Assets	<u>\$ 881,532</u>	<u>\$ 1,642,162</u>	<u>\$ 2,523,694</u>	<u>\$ 2,232,232</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (80.7%) is invested in capital assets. Net assets invested in capital assets consist of land, construction in progress, buildings, and equipment less any debt used to acquire the assets that remain outstanding. In addition, net assets invested in capital assets also include any infrastructure acquired

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

after June 1, 2004. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets (1.7%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets (17.6%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets

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

	For the Year Ended May 31, 2009			For the Year Ended May 31, 2008
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ ----	\$ 1,456,594	\$ 1,456,594	\$ 1,534,441
Operating Grants and Contributions	----	---	----	36,720
Capital Grants and Contributions	----	401,690	401,690	223,150
General Revenue:				
Property Taxes	11,092	---	11,092	12,631
Sales Taxes	299,815	---	299,815	316,795
Franchise Taxes	2,515	---	2,515	4,727
Occupational Licenses	47,033	---	47,033	58,196
Miscellaneous	66,465	5,178	71,643	50,056
Total Revenue	426,920	1,863,462	2,290,382	2,236,716
<u>Program Expenses:</u>				
General Government	214,758	---	214,758	195,450
Public Safety	207,700	---	207,700	239,177
Streets and Drainage	62,095	---	62,095	40,564
Recreation	28,097	---	28,097	30,119
Lights	----	775,364	775,364	813,161
Natural Gas System	----	281,995	281,995	314,147
Water	----	182,802	182,802	195,157
Sewer	----	129,183	129,183	186,212
Sanitation	----	116,926	116,926	94,740
Total Expenses	512,650	1,486,270	1,998,920	2,108,727

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

	For the Year Ended May 31, 2009			For the Year Ended May 31, 2008
	Governmental Activities	Business-Type Activities	Total	
(Decrease) in Net Assets Before Transfers	(85,730)	377,192	291,462	127,989
Transfers	(42,233)	42,233	---	---
Change in Net Assets	(127,963)	419,425	291,462	127,989
Net Assets Beginning	1,009,495	1,222,737	2,232,232	2,104,243
Net Assets Ending	<u>\$ 881,532</u>	<u>\$ 1,642,162</u>	<u>\$ 2,523,694</u>	<u>\$ 2,232,232</u>

Governmental activities decreased the Town's net assets by \$127,963. This decrease is due to the depreciation being recorded in the governmental activities.

Business-type activities increased the Town's net assets by \$419,425. This increase is due to the Town receiving a community development block grant for sewer system improvements..

Financial Analysis of the Town's Funds

For the year ended May 31, 2009, governmental fund balances decreased by \$49,906. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets and long-term debt in the government-wide presentation.

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

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. A summary of the general fund budget compared to actual amounts is presented as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues	\$ 564,800	\$ 568,786	\$ 426,920	\$ (141,866)
Total Expenditures	404,900	528,520	434,593	93,927
Excess (deficiency) of revenues over expenditures	159,900	40,266	(7,673)	(47,939)
Operating Transfers (net)	50,000	51,600	(42,233)	(93,833)
Net Change in Fund Balances	\$ 209,900	\$ 91,866	\$ (49,906)	\$ (141,772)

The significant increase in expenditures is due to repairs and maintenance expenses being considerably more than expected. Budgeted revisions for revenues are not considered significant.

Capital Asset Administration

Capital asset activity for the year ended May 31, 2009, is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Construction in Process	\$ ----	\$ 449,633	\$ 449,633
Improvements	9,400	----	9,400
Equipment and vehicles	10,773	----	10,773
Total Additions	20,173	449,633	469,806
Depreciation	(100,916)	(108,972)	(209,888)
Net Increase (Decrease)	(80,743)	340,661	259,918
Beginning Capital Asset (Net)	879,686	1,472,361	2,352,047
Ending Capital Assets (Net)	\$ 798,943	\$ 1,813,022	\$ 2,611,965

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

- The improvements for the governmental activities include a new roof for town hall and a fence at the park.
- The equipment and vehicles for the governmental activities include play ground equipment for the park and a used vehicle.
- The construction in progress is the continuation of the Louisiana Community Development Block Grant for sewer system improvements.

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

Debt Administration

The Town did not incur any new debt during the year ended May 31, 2009.

Existing debt in the business-type activities is as follows:

- Lights Fund – includes a capital lease used to purchase a bucket truck and certificates of indebtedness issued for the purpose of making improvements to the electrical distribution system. After paying principal of \$12,151, the capital lease payable at year end totaled \$8,104. The certificates of indebtedness were paid off during the year with the final principal payment of \$50,000.
- Water Fund – includes revenue bonds that were issued in connection with improving the water system of the Town. At year end revenue bonds payable totaled \$355,685. Principal payments totaled \$7,004.

Factors Expected to Effect Future Operations

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- Grant funds provided through the Louisiana Community Development Block Grant program are being used to enhance the Town's wastewater system and replace the Belfast Lift Station. This project will benefit the local economy by allowing the Town to better accommodate the needs of its citizens. This project is expected to cost approximately \$500,000.
- In addition to the Community Development Block Grant above the Town has also been approved to receive federal stimulus funds for additional waste water improvements.

TOWN OF BOYCE

Statement of Net Assets

May 31, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 71,444	\$ 343,892	\$ 415,336
Receivables (net)	45,813	138,826	184,639
Restricted Cash	-	42,322	42,322
Capital Assets			
Non depreciable capital assets			
Land	170,007	20,337	190,344
Construction in Progress	-	509,783	509,783
Depreciable capital assets (net)	<u>628,936</u>	<u>1,282,902</u>	<u>1,911,838</u>
Total assets	<u>916,200</u>	<u>2,338,062</u>	<u>3,254,262</u>
<u>LIABILITIES:</u>			
Accounts payable	17,331	63,678	81,009
Retainage payable	-	41,643	41,643
Deposits due others	-	135,454	135,454
Internal balances	2,364	(2,364)	-
Long-term liabilities			
Compensated Absences	14,973	93,699	108,672
Notes Payable			
Due within one year	-	15,477	15,477
Due in more than one year	-	348,313	348,313
Total liabilities	<u>34,668</u>	<u>695,900</u>	<u>730,568</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	798,943	1,407,589	2,206,532
Restricted:			
Debt service	-	42,322	42,322
Unrestricted	<u>82,589</u>	<u>192,251</u>	<u>274,840</u>
Total net assets	<u>\$ 881,532</u>	<u>\$ 1,642,162</u>	<u>\$ 2,523,694</u>

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

TOWN OF BOYCE

Statement of Activities Year Ended May 31, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 214,758	-	-	-	\$ (214,758)	-	\$ (214,758)
Public safety	207,700	-	-	-	(207,700)	-	(207,700)
Streets & drainage	62,095	-	-	-	(62,095)	-	(62,095)
Recreation	28,097	-	-	-	(28,097)	-	(28,097)
Total governmental activities	<u>512,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(512,650)</u>	<u>-</u>	<u>(512,650)</u>
<u>Business-Type Activities:</u>							
Lights	775,364	789,120	-	-	-	13,756	13,756
Natural gas system	281,995	287,704	-	-	-	5,709	5,709
Water	182,802	140,853	-	-	-	(41,949)	(41,949)
Sewer	129,183	139,757	-	401,690	-	412,264	412,264
Sanitation	116,926	99,160	-	-	-	(17,766)	(17,766)
Total Business-Type Activities	<u>1,486,270</u>	<u>1,456,594</u>	<u>-</u>	<u>401,690</u>	<u>-</u>	<u>372,014</u>	<u>372,014</u>
Total Primary Government	<u>\$ 1,998,920</u>	<u>\$ 1,456,594</u>	<u>\$ -</u>	<u>\$ 401,690</u>	<u>(512,650)</u>	<u>372,014</u>	<u>(140,636)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					11,092	-	11,092
Sales Taxes					299,815	-	299,815
Franchise					2,515	-	2,515
Occupational Licenses					47,033	-	47,033
Miscellaneous					66,465	5,178	71,643
Transfers					(42,233)	42,233	-
Total General Revenues and Transfers					<u>384,687</u>	<u>47,411</u>	<u>432,098</u>
Change in Net Assets					(127,963)	419,425	291,462
Net Assets Beginning					1,009,495	1,222,737	2,232,232
Net Assets Ending					<u>\$ 881,532</u>	<u>\$ 1,642,162</u>	<u>\$ 2,523,694</u>

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

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2009

	General	Non-Major Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 71,443	\$ 1	\$ 71,444
Receivables (net)	45,813	-	45,813
Interfund receivables	5,944	-	5,944
Total assets	\$ 123,200	\$ 1	\$ 123,201
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 17,331	\$ -	\$ 17,331
Interfund payables	8,308	-	8,308
Total liabilities	25,639	-	25,639
<u>Fund Balance:</u>			
Unreserved - Reported in			
General fund	97,561	-	97,561
Capital projects fund	-	1	1
Total fund equity	97,561	1	97,562
Total liabilities and fund equity	\$ 123,200	\$ 1	\$ 123,201

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

Total Fund Balances - Governmental Funds	\$ 97,562
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.	798,943
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(14,973)
Net Assets of Governmental Activities	\$ 881,532

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, 2009

	General	Non-Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 11,092	\$ -	\$ 11,092
Sales tax	299,815	-	299,815
Franchise	2,515	-	2,515
Licenses and permits:			
Occupational licenses	47,033	-	47,033
Intergovernmental:			
Beer Tax	2,754	-	2,754
Fines	3,603	-	3,603
Miscellaneous:			
Interest	889	-	889
Land lease	12,440	-	12,440
Other	46,779	-	46,779
Total revenues	426,920	-	426,920
<u>Expenditures:</u>			
General government	197,515	-	197,515
Public safety	146,297	-	146,297
Streets & Drainage	44,767	-	44,767
Recreation	25,841	-	25,841
Capital Expenditures	20,173	-	20,173
Total expenditures	434,593	-	434,593
Excess (deficiency) of revenues over expenditures	(7,673)	-	(7,673)
<u>Other financing sources (uses):</u>			
Operating transfers in	29,885	-	29,885
Operating transfers out	(72,118)	-	(72,118)
Total other financing sources (uses)	(42,233)	-	(42,233)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(49,906)	-	(49,906)
Fund balance - beginning of year	147,467	1	147,468
Fund balance - end of year	\$ 97,561	\$ 1	\$ 97,562

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, 2009

Net change in fund balances of Governmental Funds \$ (49,906)

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. (80,743)

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. 2,686

Change in net assets of governmental activities \$ (127,963)

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

TOWN OF BOYCE

Statement of Net Assets

Proprietary Funds - Year Ended May 31, 2009

	Business-Type Activities - Enterprise Fund					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 84,828	\$ 136,428	\$ 21,080	\$ 101,556	\$ -	\$ 343,892
Receivables (net)	87,011	12,181	14,888	14,343	10,403	138,826
Interfund receivables	-	377	377	-	7,554	8,308
Total current assets	<u>171,839</u>	<u>148,986</u>	<u>36,345</u>	<u>115,899</u>	<u>17,957</u>	<u>491,026</u>
Restricted assets:						
Cash and cash equivalents	-	-	42,322	-	-	42,322
Noncurrent assets:						
Non-depreciable capital assets						
Land	-	3,127	9,210	8,000	-	20,337
Construction in Progress	-	-	-	509,783	-	509,783
Depreciable capital assets (net)	<u>240,195</u>	<u>61,972</u>	<u>499,962</u>	<u>480,773</u>	<u>-</u>	<u>1,282,902</u>
Total noncurrent assets	<u>240,195</u>	<u>65,099</u>	<u>509,172</u>	<u>998,556</u>	<u>-</u>	<u>1,813,022</u>
Total assets	<u>412,034</u>	<u>214,085</u>	<u>587,839</u>	<u>1,114,455</u>	<u>17,957</u>	<u>2,346,370</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	44,416	4,907	5,229	3,048	6,078	63,678
Retainage Payable	-	-	-	41,643	-	41,643
Interfund payables	5,358	-	-	586	-	5,944
Compensated absences payable	14,432	29,582	19,753	19,753	10,179	93,699
Deposits due others	84,478	50,976	-	-	-	135,454
Total current liabilities	<u>148,684</u>	<u>85,465</u>	<u>24,982</u>	<u>65,030</u>	<u>16,257</u>	<u>340,418</u>
Liabilities payable from restricted assets:						
Current portion of long-term debt	<u>8,105</u>	<u>-</u>	<u>7,372</u>	<u>-</u>	<u>-</u>	<u>15,477</u>
Noncurrent Liabilities:						
Long-Term Debt	<u>-</u>	<u>-</u>	<u>348,313</u>	<u>-</u>	<u>-</u>	<u>348,313</u>
Total liabilities	<u>156,789</u>	<u>85,465</u>	<u>380,667</u>	<u>65,030</u>	<u>16,257</u>	<u>704,208</u>
NET ASSETS:						
Invested in capital assets, net of related debt	232,090	65,099	153,487	956,913	-	1,407,589
Restricted for debt service	-	-	42,322	-	-	42,322
Unrestricted	<u>23,155</u>	<u>63,521</u>	<u>11,363</u>	<u>92,512</u>	<u>1,700</u>	<u>192,251</u>
Total net assets	<u>\$ 255,245</u>	<u>\$ 128,620</u>	<u>\$ 207,172</u>	<u>\$ 1,049,425</u>	<u>\$ 1,700</u>	<u>\$ 1,642,162</u>

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

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended May 31, 2009

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Non-Major Funds	Total
Operating revenues:						
Charges for services	\$ 768,153	\$ 280,043	\$ -	\$ 131,629	\$ 96,624	\$ 1,276,449
Charges for services pledged as security for revenue bonds	-	-	135,305	-	-	135,305
Delinquent charges	19,322	6,005	4,355	3,097	2,536	35,315
Other operating income	1,645	1,656	1,193	5,031	-	9,525
Total operating revenues	789,120	287,704	140,853	139,757	99,160	1,456,594
Operating expenses:						
Salaries - operating	16,094	45,437	22,454	26,869	31,463	142,317
Salaries - clerical	16,660	16,250	16,250	16,661	-	65,821
Electricity purchased	654,956	200	13,790	3,648	-	672,594
Natural gas purchased	-	165,226	-	-	-	165,226
Landfill Expense	-	-	-	-	16,439	16,439
Collection Expense	-	-	-	-	60,503	60,503
Repairs and maintenance	23,155	8,887	9,986	6,440	5,944	54,412
Legal and professional	5,637	5,637	5,834	5,638	-	22,746
Payroll taxes and benefits	3,396	5,658	3,452	3,959	2,577	19,042
Insurance	23,756	21,217	21,306	21,189	-	87,468
Depreciation	20,241	2,625	52,372	33,734	-	108,972
Other	9,621	10,858	18,933	11,045	-	50,457
Total operating expenses	773,516	281,995	164,377	129,183	116,926	1,465,997
Operating income (loss)	15,604	5,709	(23,524)	10,574	(17,766)	(9,403)
Non-operating revenues (expenses):						
Interest income	1,417	2,157	685	919	-	5,178
Interest expense	(1,848)	-	(18,425)	-	-	(20,273)
Change in net assets before contributions and transfers	15,173	7,866	(41,264)	11,493	(17,766)	(24,498)
Contributions and transfers:						
Capital Grant Revenue	-	-	-	401,690	-	401,690
Operating transfers in	57,450	467	500	19,912	22,242	100,571
Operating transfers out	(13,122)	(5,406)	(9,204)	(30,606)	-	(58,338)
Change in net assets	59,501	2,927	(49,968)	402,489	4,476	419,425
Total net assets - beginning of year	195,744	125,693	257,140	646,936	(2,776)	1,222,737
Total net assets - end of year	\$ 255,245	\$ 128,620	\$ 207,172	\$ 1,049,425	\$ 1,700	\$ 1,642,162

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

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2009

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 789,695	\$ 295,249	\$ 141,381	\$ 145,623	\$ 99,160	\$ 1,471,108
Cash payments to suppliers of goods and services	(735,185)	(221,073)	(69,569)	(68,958)	(85,846)	(1,180,641)
Cash payments to employees for service	(35,089)	(56,486)	(35,487)	(40,544)	(25,703)	(193,309)
Net cash provided (used) by operating activities	19,421	17,690	36,325	36,111	(12,389)	97,158
<u>Cash flows from non-capital financing activities:</u>						
Other non-operating revenues	-	-	-	-	-	-
Change in interfund balances	1,064	1,064	1,064	1,064	(9,853)	(5,597)
Operating transfers in (out)	44,328	(4,939)	(8,704)	(10,694)	22,242	42,233
Net cash provided (used) by non-capital financing activities	45,392	(3,875)	(7,640)	(9,630)	12,389	36,636
<u>Cash flows from capital and related financing activities:</u>						
Capital Expenditures	-	-	-	(407,991)	-	(407,991)
Capital Grant Proceeds	-	-	-	401,690	-	401,690
Principle paid on capital debt	(62,151)	-	(7,004)	-	-	(69,155)
Interest paid on capital debt	(1,848)	-	(18,425)	-	-	(20,273)
Net cash provided (used) by capital and related financing activities	(63,999)	-	(25,429)	(6,301)	-	(95,729)
<u>Cash flows from investing activities:</u>						
Interest and other income	1,417	2,157	685	919	-	5,178
Net cash provided (used) by investing activities	1,417	2,157	685	919	-	5,178
Net increase (decrease) in cash	2,231	15,972	3,941	21,099	-	43,243
Beginning cash balance	82,597	120,456	59,461	80,457	-	342,971
Ending cash balance	84,828	136,428	63,402	101,556	-	386,214
Cash - restricted	-	-	42,322	-	-	42,322
Cash - unrestricted	\$ 84,828	\$ 136,428	\$ 21,080	\$ 101,556	\$ -	\$ 343,892
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 15,604	\$ 5,709	\$ (23,524)	\$ 10,574	\$ (17,766)	\$ (9,403)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	20,241	2,625	52,372	33,734	-	108,972
(Increase) decrease in accounts receivable	(5,337)	4,534	528	5,866	(3,111)	2,480
(Decrease) increase in accounts payable	(14,664)	(3,390)	3,732	(17,049)	(4,017)	(35,388)
(Decrease) increase in meter deposits	5,912	3,011	-	-	-	8,923
(Decrease) increase in compensated absences	(2,335)	5,201	3,217	2,986	4,419	13,488
Net cash provided (used) by operating activities	\$ 19,421	\$ 17,690	\$ 36,325	\$ 36,111	\$ (20,475)	\$ 89,072

For the year ended May 31, 2009, there were no investing, capital, and financing activities that did not result in cash receipts or payments

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

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, (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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

Based upon the above criteria, the Town of Boyce has no component units for the year ended May 31, 2009.

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:

- Governmental Funds
 - General Fund - The general fund is the primary operating fund and is used to account for all governmental activities.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

- Proprietary Funds – Are used to account for business-type activities. The operations of the Town’s Electrical, Gas, Water and Sewer Systems and Sanitation services each utilize separate proprietary funds. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

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 judgements 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 is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

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

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

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.

Statement of Cash Flows

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

Interfund Transactions

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

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. 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, 2009, the Town has deposits of \$488,899 (collected bank balance) and \$457,659 (collected book balance) of which \$42,322 is restricted. These bank deposits are secured from risk by \$250,000 of federal deposit insurance and \$332,565 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

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, 2009, taxes of 6.630 mills totaling \$11,092 were levied on property and were dedicated to general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. A 1% sales tax has been approved by the citizens to cover any needs by the Town.

NOTE 4 - RECEIVABLES

At May 31, 2009, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ —	\$ 142,229	\$ 142,229
<u>Due From Other Governmental Units</u>			
Sales Taxes	45,813	—	45,813
Total Receivables	45,813	142,229	188,042
Allowance for Doubtful Accounts	—	(3,403)	(3,403)
Net Receivables	<u>\$ 45,813</u>	<u>\$ 138,826</u>	<u>\$ 184,639</u>

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ —	\$ —	\$ 170,007

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Depreciable Capital Assets				
Buildings and Improvements	866,427	---	---	866,427
Furniture, Fixtures and Equipment	748,973	10,773	---	759,746
Infrastructure	1,486,894	9,400	---	1,496,294
Accumulated Depreciation	<u>(2,392,615)</u>	<u>(100,916)</u>	<u>---</u>	<u>(2,493,531)</u>
Total	<u>709,679</u>	<u>(80,743)</u>	<u>---</u>	<u>628,936</u>
Total Governmental Activities	<u>\$ 879,686</u>	<u>\$ (80,743)</u>	<u>\$ ---</u>	<u>\$ 798,943</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ---	\$ ---	\$ 20,337
Utility Construction in Process	60,150	449,633	---	509,783
Total	<u>80,487</u>	<u>449,633</u>	<u>---</u>	<u>530,120</u>
Depreciable Capital Assets				
Utility System	3,221,997	---	---	3,221,997
Utility Buildings	22,357	---	---	22,357
Utility Equipment	344,730	---	---	344,730
Accumulated Depreciation	<u>(2,197,210)</u>	<u>(108,972)</u>	<u>---</u>	<u>(2,306,182)</u>
Total	<u>1,391,874</u>	<u>(108,972)</u>	<u>---</u>	<u>1,282,902</u>
Total Business-Type Activities	<u>\$ 1,472,361</u>	<u>\$ 340,661</u>	<u>\$ ---</u>	<u>\$ 1,813,022</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Government	\$ 16,306	\$ ---	\$ 16,306
Public Safety	65,475	---	65,475
Street & Drainage	16,879	---	16,879
Recreation	2,256	---	2,256
Lights	---	20,241	20,241
Gas	---	2,625	2,625
Water	---	52,372	52,372
Sewer	---	33,734	33,734
Total Depreciation Expense	<u>\$ 100,916</u>	<u>\$ 108,972</u>	<u>\$ 209,888</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

NOTE 6 - LONG-TERM DEBT

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue bonds payable	\$ ----	\$ 355,686	\$ 355,686
Capital lease	----	8,104	8,104
Compensated absences	<u>14,973</u>	<u>93,699</u>	<u>108,672</u>
Total long-term debt	14,973	457,489	472,462
Due within one year	---	(15,477)	(15,477)
Due in more than one year	<u>\$ 14,973</u>	<u>\$ 442,012</u>	<u>\$ 456,985</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 17,659	---	2,686	\$ 14,973
Total Governmental Activities	<u>17,659</u>	<u>---</u>	<u>2,686</u>	<u>14,973</u>
<u>Business-type Activities</u>				
Utility revenue bonds	362,689	---	7,003	355,686
Certificates of indebtedness	50,000	---	50,000	---
Capital lease	20,256	---	12,152	8,104
Compensated absences	<u>78,870</u>	<u>14,829</u>	<u>---</u>	<u>93,699</u>
Total business-type activities	<u>511,815</u>	<u>14,829</u>	<u>69,155</u>	<u>457,489</u>
Total long-term debts	<u>\$ 529,474</u>	<u>\$ 14,829</u>	<u>\$ 71,841</u>	<u>\$ 472,462</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, 2009, are described as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

\$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.

\$ 355,686

Total Revenue Bonds

\$ 355,686

Capital Lease

The Town has acquired equipment by entering into a capital lease arrangement. For financial reporting purposes, minimum lease payments relating to leased equipment have been capitalized. The leased property is reported by the lights fund and general fund, respectively, at its cost. Capital lease obligations outstanding at May 31, 2009, are described as follows:

Lease agreement dated December, 2002 executed in exchange for a bucket truck, with an original balance of \$80,557, bearing interest at a rate of 5.680%, payable in 84 monthly installments of \$1,159.

\$ 8,104

Total Capital Lease (Due in one year)

\$ 8,104

Maturity of Long-Term Debt

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

<u>Year Ended May 31st</u>	<u>Revenue Bonds</u>	
	<u>Principal Installments</u>	<u>Interest</u>
<u>Business-Type Activities</u>		
2010	\$ 7,372	\$ 18,057
2011	7,759	17,670
2012	8,166	17,263
2013	8,594	16,835
2014	9,045	16,384
2015-2019	52,864	74,282
2020-2024	68,267	58,879
2025-2029	88,158	38,988
2030-2034	105,461	13,354
Total Business-Type	<u>\$ 355,686</u>	<u>\$ 271,712</u>

Total interest charged to expense for the business-type activities is \$20,273.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

NOTE 7 - 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.

NOTE 8 - ELECTRICITY CONTRACT

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

NOTE 9 - 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 10 - BOARD MEMBER SALARIES

For the year ended May 31, 2009, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Donald Welch	Mayor	\$ 7,500
Ezra C. Bobb	Alderman	6,300
Vivian Brossett	Alderman	6,300
Cathy Fisher	Alderman	6,300
Randy Bond	Alderman	6,300
Alma Moore	Alderman	6,300
Total		<u>\$ 39,000</u>

NOTE 11 - ACCOUNTS AND OTHER PAYABLES

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

	<u>Payable to Vendors</u>
<u>Governmental Activities</u>	
General Fund	<u>\$ 17,332</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

	Payable to Vendors
<u>Business-type Activities</u>	
Lights	\$ 44,420
Gas	4,907
Water	5,229
Sewer	2,448
Non-Major	6,078
Total business-type activities	<u>\$ 63,082</u>

NOTE 12 - 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 13 - TRANSFERS

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

	Transfers In	Transfers Out	Net
Transfer of resources to cover expenses			
Governmental Activities	<u>\$ 29,885</u>	<u>\$ (72,118)</u>	<u>\$ (42,233)</u>
Business-Type Activities			
Lights	57,450	(13,122)	44,328
Gas	467	(5,406)	(4,939)
Water	500	(9,204)	(8,704)
Sewer	19,912	(30,606)	(10,694)
Non-Major Fund	22,242	----	22,242
Total Business-Type	<u>100,571</u>	<u>(58,338)</u>	<u>42,233</u>
Total Transfers	<u>\$ 130,456</u>	<u>\$ (130,456)</u>	<u>\$ ----</u>

NOTE 14 – INTERFUND BALANCES

In the ordinary course of business, advances are made to various funds in order to provide needed resources on a temporary basis. Balances resulting from transactions of this nature are summarized as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

<u>Governmental Activities</u>	<u>Receivable</u>	<u>(Payable)</u>	<u>Net</u>
General Fund	\$ 5,944	\$ (8,308)	\$ (2,364)
<u>Business-Type Activities</u>			
Lights Fund	----	(5,358)	(5,358)
Gas Fund	377	----	377
Water Fund	377	----	377
Sewer Fund	----	(586)	(586)
Non-major fund	7,554	----	7,554
Total business-type activities	<u>8,308</u>	<u>(5,944)</u>	<u>2,364</u>
Total interfund balances	<u>\$ 14,252</u>	<u>\$ (14,252)</u>	<u>\$ ----</u>

NOTE 15- PENSION PLAN

Substantially all employees of the Town of Boyce, Louisiana, are members of the Municipal Employees Retirement Systems of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2009

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. 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 total pension expense for the year ended May 31, 2009 is \$7,079.

NOTE 16 – BUDGET VIOLATION

The general fund experienced an unfavorable variance in excess of 5% allowed by state law is summarized as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	
General Fund	\$ 620,386	\$ 456,805	\$ (163,581)	26.4%

TOWN OF BOYCE

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 360,800	\$ 335,615	\$ 313,422	\$ (22,193)
License and permits	45,000	48,980	47,033	(1,947)
Charges for services	83,000	97,000	-	(97,000)
Intergovernmental	25,000	17,850	2,754	(15,096)
Fines	10,000	3,700	3,603	(97)
Miscellaneous	41,000	65,641	60,108	(5,533)
Total revenues	564,800	568,786	426,920	(141,866)
Expenditures:				
General government	122,500	185,720	197,515	(11,795)
Public safety	128,900	157,600	146,297	11,303
Streets and sanitation	97,000	141,500	44,767	96,733
Recreation	20,500	24,000	25,841	(1,841)
Capital Expenditures	36,000	19,700	20,173	(473)
Total expenditures	404,900	528,520	434,593	93,927
Excess (deficiency) of revenues over expenditures	159,900	40,266	(7,673)	(47,939)
Other financing sources (uses):				
Operating transfers in	50,000	51,600	29,885	(21,715)
Operating transfers out	-	-	(72,118)	(72,118)
Total other financing sources (uses)	50,000	51,600	(42,233)	(93,833)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	209,900	91,866	(49,906)	(141,772)
Fund balance - beginning of year	82,866	79,466	147,467	68,001
Fund balance - end of year	\$ 292,766	\$ 171,332	\$ 97,561	\$ (73,771)

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2009

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
General government:				
Salary - mayor	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Salaries - aldermen	31,500	31,500	31,500	-
Salaries - office	17,000	16,200	15,723	477
Payroll taxes	5,500	5,300	4,039	1,261
Retirement	-	-	687	(687)
Telephone	6,000	5,700	6,153	(453)
Office supplies	2,000	10,520	9,201	1,319
Advertising and printing	1,000	1,700	2,030	(330)
Dues	2,000	1,200	964	236
Accounting	5,000	7,300	5,830	1,470
Legal	10,000	18,800	16,161	2,639
Insurance	20,000	22,100	29,433	(7,333)
Miscellaneous	10,000	47,200	62,092	(14,892)
Travel and conventions	4,000	9,700	6,202	3,498
Christmas parade	1,000	1,000	-	1,000
Total general government	122,500	185,720	197,515	(11,795)
Public safety:				
Police:				
Salaries	100,000	79,200	84,093	(4,893)
Payroll taxes	-	-	7,063	(7,063)
Retirement	-	-	887	(887)
Patrol car expenditures	5,000	22,600	18,500	4,100
Uniforms and training	1,000	7,100	1,253	5,847
Supplies and equipment	3,000	2,900	1,809	1,091
Telephone	6,000	8,600	5,269	3,331
Miscellaneous	5,000	29,600	22,001	7,599
Fire protection:				
Truck gas, oil and maintenance	2,000	1,400	1,717	(317)
Telephone	900	1,200	1,168	32
Insurance	4,000	4,000	-	4,000
Miscellaneous	2,000	1,000	2,537	(1,537)
Total public safety	128,900	157,600	146,297	11,303

TOWN OF BOYCE

Continued

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2009

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Streets and sanitation:</u>				
Salaries	31,000	39,400	21,147	18,253
Payroll taxes	-	-	1,648	(1,648)
Retirement	-	-	500	(500)
Truck and tractor maintenance	3,000	12,800	4,438	8,362
Street maintenance	10,000	21,400	10,266	11,134
Garbage collection	50,000	61,300	-	61,300
Supplies	3,000	6,600	6,067	533
Utilities	-	-	701	(701)
Total streets and sanitation	97,000	141,500	44,767	96,733
<u>Recreation:</u>				
Salaries	18,000	18,200	18,140	60
Supplies & miscellaneous	1,000	3,900	6,162	(2,262)
Telephone	1,500	1,900	-	1,900
Miscellaneous	-	-	1,539	(1,539)
Total recreation	20,500	24,000	25,841	(1,841)
Capital Expenditures	36,000	19,700	20,173	(473)
Debt service	-	-	-	-
Total expenditures	\$ 404,900	\$ 528,520	\$ 434,593	\$ 93,927

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended May 31, 2009

PART I – SUMMARY OF AUDITORS' RESULTS:

- The Independent Auditor's Report on the financial statements for the Town of Boyce as of May 31, 2009 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed one instance (see 2009-1) of noncompliance that is considered to be material to the financial statements of the Town of Boyce.
- The audit did not disclose an audit finding which is required to be reported as a significant deficiency in internal control over financial reporting.
- The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

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

- **Finding 2009-1, Budget Variance:**
The Town's general fund revenues experienced an unfavorable budget variance greater than five percent of final budget amounts.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- Not applicable.

**TOWN OF BOYCE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended May 31, 2009**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p><u>Finding 2009-1, Budget Variance:</u> The Town's general fund revenues experienced an unfavorable budget variance greater than five percent of final budget amounts.</p>	<p><u>Response:</u> We over budgeted operating transfers. We will more closely monitor operating transfers in the future and amend the budget as needed.</p>
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>There were no findings in connection with internal control and compliance material to federal awards.</p>	<p>Response - N/A.</p>
SECTION III - MANAGEMENT LETTER	
<p>There was no management letter issued with this report.</p>	<p>Response - N/A.</p>

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2009

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p><u>Finding 2008-1, Bidding Public Works Projects:</u> During the prior year the Town of Boyce engaged in a public works project to overlay Ulster Street. The total cost of the project exceeded the \$100,000 public bid law requirement and no bids were received by management.</p>	<p><u>Resolved:</u> There were no public works projects during the current year that required a public bid.</p>
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>There were no findings in connection with internal control and compliance material to federal awards in the prior year.</p>	<p>Response - N/A</p>
SECTION III - MANAGEMENT LETTER	
<p>There was no management letter issued with the prior year report.</p>	<p>Response - N/A</p>