

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2014

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.....	20-34
Required Supplemental Information (Part II) Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual) – General Fund.....	35
Other Supplemental Information	
Schedule of Expenses – (Budget and Actual) – General Fund.....	36-37
Schedule of Expenditures of Federal Financial Awards.....	38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133	39-40
Schedule of Findings and Questioned Costs.....	41
Management's Corrective Action Plan	42
Summary of Prior Year Findings and Questioned Costs.....	43

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA
MARK S. MCKAY, CPA
LEE W. WILLIS, CPA
RHONDA L. RACHAL, CPA
STEVEN E. KIMBALL, CPA
RICHARD BESSON, CPA

MAILING ADDRESS
POST OFFICE BOX 12178
ALEXANDRIA, LOUISIANA 71315-2178
TELEPHONE (318) 442-1608
TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA
RETIRED - 2005

November 7, 2014

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, 2014, 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.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

*The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce*

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boyce, as of May 31, 2014, 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 that the management's discussion and analysis and budgetary comparison information described in the table of contents be presented to supplement the basic financial statements. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the primary government financial statements of the Town of Boyce.

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.

*The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce*

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the Town of Boyce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Boyce's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA

MARK S. MCKAY, CPA

LEE W. WILLIS, CPA

RHONDA L. RACHAL, CPA

STEVEN E. KIMBALL, CPA

RICHARD BESSON, CPA

MAILING ADDRESS

POST OFFICE BOX 12178

ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608

TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA

RETIRED - 2005

November 7, 2014

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 Jack DeWitt, 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, 2014, 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 7, 2014.

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

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

*The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce*

internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

We noted certain matters that we reported to management in a separate letter dated November 7, 2014.

Purpose of this Report

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



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2014

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, 2014.

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, 2014

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 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, 2014			For the Year Ended May 31, 2013
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 113,369	\$ 520,677	\$ 634,046	\$ 914,365
Capital assets	658,712	3,413,421	4,072,133	3,652,849
Total assets	<u>772,081</u>	<u>3,934,098</u>	<u>4,706,179</u>	<u>4,567,214</u>
<u>Liabilities:</u>				
Current and other liabilities	131,677	427,926	559,603	827,990
Long-term liabilities	5,440	338,171	343,611	336,457
Total liabilities	<u>137,117</u>	<u>766,097</u>	<u>903,214</u>	<u>1,164,447</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	658,712	3,055,847	3,714,559	2,885,499
Restricted	----	31,153	31,153	26,957
Unrestricted	(23,748)	81,001	57,253	490,311
Total Net Position	<u>\$ 634,964</u>	<u>\$ 3,168,001</u>	<u>\$ 3,802,965</u>	<u>\$ 3,402,767</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (97.6%) is invested in capital assets. Net position invested in capital assets consist of land, construction in progress, 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, 2014

An additional portion of the net position 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 position 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 Position is presented as follows:

	For the Year Ended May 31, 2014			For the Year Ended May 31, 2013
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 13,486	\$ 1,284,597	\$ 1,298,083	\$ 1,177,645
Operating Grants and Contributions	13,009	17,312	30,321	40,612
Capital Grants and Contributions	4,861	587,977	592,838	586,470
General Revenue:				
Property Taxes	16,052	----	16,052	13,965
Sales Taxes	285,377	----	285,377	278,928
Franchise Taxes	9,863	----	9,863	8,868
Occupational Licenses	49,340	----	49,340	49,124
Miscellaneous	16,524	295	16,819	43,961
Total Revenue	<u>408,512</u>	<u>1,890,181</u>	<u>2,298,693</u>	<u>2,199,573</u>
<u>Program Expenses:</u>				
General Government	129,566	----	129,566	138,707
Public Safety	260,192	----	260,192	261,387
Streets and Drainage	71,586	----	71,586	70,165
Recreation	36,265	----	36,265	33,922
Lights	----	639,792	639,792	566,527
Natural Gas System	----	214,120	214,120	190,277
Water	----	231,221	231,221	229,475
Sewer	----	229,301	229,301	204,083
Sanitation	----	86,452	86,452	85,227
Total Expenses	<u>497,609</u>	<u>1,400,886</u>	<u>1,898,495</u>	<u>1,779,770</u>

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2014

	<u>For the Year Ended May 31, 2014</u>			<u>For the Year Ended May 31, 2013</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Increase in Net Position Before Transfers	(89,097)	489,295	400,198	419,803
Transfers	18,991	(18,991)	----	----
Change in Net Position	<u>(70,106)</u>	<u>470,304</u>	<u>400,198</u>	<u>419,803</u>
Net Position Beginning	705,070	2,697,697	3,402,767	2,982,964
Net Position Ending	<u>\$ 634,964</u>	<u>\$ 3,168,001</u>	<u>\$ 3,802,965</u>	<u>\$ 3,402,767</u>

Governmental activities decreased the Town's net position by \$70,106. This decrease is due to the expenditure of depreciation which is reported in the governmental activities and not in the fund financial statements.

Business-type activities increased the Town's net position by \$470,295. This increase is due to the Town receiving two grants for improvements to the Town's electricity and sewer systems.

Financial Analysis of the Town's Funds

The Town's governmental funds reported combined fund balances of \$11,465, which represents a decrease of \$13,497. The decrease is due to a decrease in rental income received by the Town.

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

General Fund Budget Highlights

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

Capital Asset Administration

Capital asset activity for the year ended May 31, 2014, is summarized as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2014

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Additions:</u>			
Construction in Process	\$ ----	\$ 390,670	\$ 390,670
Infrastructure Improvements	----	259,323	259,323
Equipment	4,361	----	4,361
Total Additions	4,361	649,993	654,354
Depreciation	(73,703)	(161,367)	(235,070)
Net Increase (Decrease)	(69,342)	488,626	419,284
Beginning Capital Asset (Net)	728,054	2,924,795	3,652,849
Ending Capital Assets (Net)	<u>\$ 658,712</u>	<u>\$ 3,413,421</u>	<u>\$ 4,072,133</u>

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

- The construction in process includes:
 - The continuation of the Municipal Infrastructure Program (MIP) grant for improvements to the electricity system.
- The infrastructure improvements include:
 - The completion of the sewer system improvements provided through a Community Development Block Grant.
 - The Town relocated a sewer line at a cost of \$49,415. These funds were provided through Utility Relocation Assistance Funds.
- The equipment in the governmental activities is new recreation equipment.

Debt Administration

The Town received \$49,415 in Utility Relocation Assistance Funds for the purpose of relocating a sewer line. These funds are being paid back over five years at \$823 per month. The only other activity related to debt administration was limited to paying amounts contractually due on existing debt.

Factors Expected to Effect Future Operations

The significant events that are expected to have a significant influence on future operations are:

- Finalizing the \$646,900 Municipal Infrastructure Program Grant for electricity system improvements.

TOWN OF BOYCE

Statement of Net Position

May 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 64,372	\$ 206,760	\$ 271,132
Receivables (net)	48,997	115,376	164,373
Restricted assets			
Cash and cash equivalents	-	31,233	31,233
Grants Receivable	-	167,308	167,308
Capital Assets			
Non depreciable capital assets			
Land	170,007	20,337	190,344
Construction in Progress	-	634,996	634,996
Depreciable capital assets (net)	<u>488,705</u>	<u>2,758,088</u>	<u>3,246,793</u>
Total assets	<u>772,081</u>	<u>3,934,098</u>	<u>4,706,179</u>
LIABILITIES:			
Accounts payable	17,085	103,034	120,119
Accounts payable from restricted assets	-	167,308	167,308
Deposits due others	-	138,362	138,362
Internal balances	84,819	(84,819)	-
Long-term liabilities			
Compensated Absences	13,504	84,638	98,142
Notes Payable			
Due within one year	16,269	19,403	35,672
Due in more than one year	<u>5,440</u>	<u>338,171</u>	<u>343,611</u>
Total liabilities	<u>137,117</u>	<u>766,097</u>	<u>903,214</u>
NET POSITION:			
Invested in capital assets, net of related debt	658,712	3,055,847	3,714,559
Restricted:			
Debt service	-	31,153	31,153
Unrestricted	<u>(23,748)</u>	<u>81,001</u>	<u>57,253</u>
Total net position	<u>\$ 634,964</u>	<u>\$ 3,168,001</u>	<u>\$ 3,802,965</u>

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

TOWN OF BOYCE

Statement of Activities

Year Ended May 31, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	
<u>Governmental Activities:</u>					
General government	\$ 129,566	\$ -	\$ -	\$ -	\$ (129,566)
Public safety	260,192	11,935	-	-	(248,257)
Streets & drainage	71,586	-	13,009	-	(58,577)
Recreation	36,265	1,551	-	4,861	(29,853)
Total governmental activities	<u>497,609</u>	<u>13,486</u>	<u>13,009</u>	<u>4,861</u>	<u>(466,253)</u>
<u>Business-Type Activities:</u>					
Lights	639,792	701,113	-	390,670	451,991
Natural gas system	214,120	203,048	-	-	(11,072)
Water	231,221	134,607	17,312	-	(79,302)
Sewer	229,301	149,034	-	197,307	117,040
Sanitation	86,452	96,795	-	-	10,343
Total Business-Type Activities	<u>1,400,886</u>	<u>1,284,597</u>	<u>17,312</u>	<u>587,977</u>	<u>489,000</u>
Total Primary Government	<u>\$ 1,898,495</u>	<u>\$ 1,298,083</u>	<u>\$ 30,321</u>	<u>\$ 592,838</u>	<u>\$ 22,747</u>

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

TOWN OF BOYCE

Statement of Activities (Continued)

Year Ended May 31, 2014

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Net (Expenses) Revenue
Net (Expense) Revenues (Continued From Previous Page	\$ (466,253)	\$ 489,000	\$ 22,747
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	16,052	-	16,052
Sales Taxes	285,377	-	285,377
Franchise	9,863	-	9,863
Occupational Licenses	49,340	-	49,340
Miscellaneous	16,524	295	16,819
Transfers	18,991	(18,991)	-
Total General Revenues and Transfers	396,147	(18,696)	377,451
Change in Net Position	(70,106)	470,304	400,198
Net Position Beginning	705,070	2,697,697	3,402,767
Net Position Ending	\$ 634,964	\$ 3,168,001	\$ 3,802,965

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

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2014

	General	Non-Major Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 64,371	\$ 1	\$ 64,372
Receivables (net)	48,997	-	48,997
Interfund receivables	8,462	-	8,462
Total assets	\$ 121,830	\$ 1	\$ 121,831
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 17,085	\$ -	\$ 17,085
Deferred Revenues	-	-	-
Interfund payables	93,281	-	93,281
Total liabilities	110,366	-	110,366
<u>Fund Balance:</u>			
Unassigned	11,464	-	11,464
Assigned	-	1	1
Total fund equity	11,464	1	11,465
Total liabilities and fund equity	\$ 121,830	\$ 1	\$ 121,831

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

Total Fund Balances - Governmental Funds	\$ 11,465
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.	658,712
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	(21,709)
Compensated Absences	(13,504)
Net Assets of Governmental Activities	<u>\$ 634,964</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, 2014

	General	Non-Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 16,052	\$ -	\$ 16,052
Sales tax	285,377	-	285,377
Franchise	9,863	-	9,863
Licenses and permits:	49,340	-	49,340
Intergovernmental:	4,861	-	4,861
Bonds and fines	11,935	-	11,935
Miscellaneous:	31,084	-	31,084
Total revenues	408,512	-	408,512
<u>Expenditures:</u>			
General government	123,989	-	123,989
Public safety	205,064	-	205,064
Streets & Drainage	61,503	-	61,503
Recreation	29,385	-	29,385
Capital Expenditures	4,361	-	4,361
Debt Service	16,698	-	16,698
Total expenditures	441,000	-	441,000
Excess (deficiency) of revenues over expenditures	(32,488)	-	(32,488)
<u>Other financing sources (uses):</u>			
Operating transfers (net)	18,991	-	18,991
Total other financing sources (uses)	18,991	-	18,991
Excess (deficiency) of revenues and expenditures and other uses	(13,497)	-	(13,497)
Fund balance - beginning of year	24,961	1	24,962
Fund balance - end of year	\$ 11,464	\$ 1	\$ 11,465

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, 2014

Net change in fund balances of Governmental Funds \$ (13,497)

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	4,361	
Depreciation expense reported on a government-wide basis	<u>(73,703)</u>	(69,342)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds. (3,008)

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. 15,741

Change in net position of governmental activities \$ (70,106)

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

TOWN OF BOYCE

Statement of Net Position

Proprietary Funds - Year Ended May 31, 2014

	Business-Type Activities - Enterprise Fund					Total
	Lights	Gas	Water	Sewer	Non-Major Funds	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 102,614	\$ 100,236	\$ 1,310	\$ 2,600	\$ -	\$ 206,760
Receivables (net)	67,729	10,892	13,642	15,541	7,572	115,376
Interfund receivables	543	-	-	28,942	63,796	93,281
Total current assets	<u>170,886</u>	<u>111,128</u>	<u>14,952</u>	<u>47,083</u>	<u>71,368</u>	<u>415,417</u>
Restricted assets:						
Cash and cash equivalents	-	-	31,153	80	-	31,233
Grant Funds Receivable	167,308	-	-	-	-	167,308
Noncurrent assets:						
Non-depreciable capital assets						
Land	-	3,127	9,210	8,000	-	20,337
Construction in Progress	634,996	-	-	-	-	634,996
Depreciable capital assets (net)	<u>154,800</u>	<u>49,959</u>	<u>337,928</u>	<u>2,215,401</u>	<u>-</u>	<u>2,758,088</u>
Total noncurrent assets	<u>789,796</u>	<u>53,086</u>	<u>347,138</u>	<u>2,223,401</u>	<u>-</u>	<u>3,413,421</u>
Total assets	<u>1,127,990</u>	<u>164,214</u>	<u>393,243</u>	<u>2,270,564</u>	<u>71,368</u>	<u>4,027,379</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	43,889	7,032	8,406	24,653	19,054	103,034
Accounts payable from restricted assets	167,308	-	-	-	-	167,308
Interfund Payables	-	5,964	2,498	-	-	8,462
Compensated absences payable	20,198	20,198	20,197	20,757	3,288	84,638
Deposits due others	86,379	51,983	-	-	-	138,362
Total current liabilities	<u>317,774</u>	<u>85,177</u>	<u>31,101</u>	<u>45,410</u>	<u>22,342</u>	<u>501,804</u>
Liabilities payable from restricted assets:						
Current portin of long-term debt	-	-	9,520	9,883	-	19,403
Noncurrent Liabilities:						
Long-Term Debt	-	-	305,228	32,943	-	338,171
Total liabilities	<u>317,774</u>	<u>85,177</u>	<u>345,849</u>	<u>88,236</u>	<u>22,342</u>	<u>859,378</u>
NET POSITION						
Invested in capital assets, net of related debt	789,796	53,086	32,390	2,180,575	-	3,055,847
Restricted for debt service	-	-	31,153	-	-	31,153
Unrestricted	<u>20,420</u>	<u>25,951</u>	<u>(16,149)</u>	<u>1,753</u>	<u>49,026</u>	<u>81,001</u>
Total net position	<u>\$ 810,216</u>	<u>\$ 79,037</u>	<u>\$ 47,394</u>	<u>\$ 2,182,328</u>	<u>\$ 49,026</u>	<u>\$ 3,168,001</u>

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, 2014

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Non-Major Funds	Total
<u>Operating revenues:</u>						
Charges for services	\$ 677,311	\$ 197,276	\$ -	\$ 143,724	\$ 94,183	\$ 1,112,494
Charges for services pledged as security for revenue bonds	-	-	129,797	-	-	129,797
Delinquent charges	21,145	4,930	4,810	3,245	2,612	36,742
Other operating income	2,657	842	-	2,065	-	5,564
Total operating revenues	701,113	203,048	134,607	149,034	96,795	1,284,597
<u>Operating expenses:</u>						
Salaries	48,226	48,340	48,073	48,226	8,771	201,636
Electricity purchased	518,931	460	10,607	1,616	-	531,614
Natural gas purchased	-	93,421	-	-	-	93,421
Collection Expense	-	-	-	-	70,995	70,995
Consultants	-	-	-	19,588	-	19,588
Repairs and maintenance	12,893	9,384	36,397	26,882	4,831	90,387
Legal and professional	10,798	10,798	10,798	14,182	-	46,576
Payroll taxes and benefits	18,656	18,546	18,819	18,832	1,855	76,708
Insurance	8,776	16,489	7,254	3,020	-	35,539
Depreciation	15,627	2,397	58,697	84,646	-	161,367
Other	5,885	14,285	24,192	12,309	-	56,671
Total operating expenses	639,792	214,120	214,837	229,301	86,452	1,384,502
Operating income (loss)	61,321	(11,072)	(80,230)	(80,267)	10,343	(99,905)
<u>Non-operating revenues (expenses):</u>						
Interest income	94	116	80	5	-	295
Interest expense	-	-	(16,384)	-	-	(16,384)
Change in net position before contributions and transfers	61,415	(10,956)	(96,534)	(80,262)	10,343	(115,994)
<u>Contributions and transfers:</u>						
Capital Grant Revenue	390,670	-	17,312	197,307	-	605,289
Operating transfers (net)	(53,038)	9,633	31,150	(6,736)	-	(18,991)
Change in net position	399,047	(1,323)	(48,072)	110,309	10,343	470,304
Total net position - beginning of year	411,169	80,360	95,466	2,072,019	38,683	2,697,697
Total net position - end of year	\$ 810,216	\$ 79,037	\$ 47,394	\$ 2,182,328	\$ 49,026	\$ 3,168,001

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

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2014

	Business-Type Activities - Enterprise Funds					Total
	Lights	Gas	Water	Sewer	Non-Major Fund	
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 705,476	\$ 208,484	\$ 134,702	\$ 148,459	\$ 96,900	\$ 1,294,021
Cash payments to suppliers of goods and services	(650,425)	(162,166)	(113,801)	(75,258)	(69,933)	(1,071,583)
Cash payments to employees for service	(45,257)	(45,371)	(45,104)	(45,257)	(9,771)	(190,760)
Net cash provided (used) by operating activities	9,794	947	(24,203)	27,944	17,196	31,678
<u>Cash flows from non-capital financing activities:</u>						
Increase (decrease) in bank overdraft	-	-	-	-	-	-
Change in interfund balances	2,734	235	3,668	(6,642)	(17,196)	(17,201)
Operating transfers in (out)	(53,038)	9,633	31,150	(6,736)	-	(18,991)
Net cash provided (used) by non-capital financing activities	(50,304)	9,868	34,818	(13,378)	(17,196)	(36,192)
<u>Cash flows from capital and related financing activities:</u>						
Capital Expenditures	(392,726)	-	-	(259,322)	-	(652,048)
Capital Grant Proceeds	392,726	-	17,312	197,307	-	607,345
Proceeds from Debt	-	-	-	49,415	-	49,415
Principle paid on capital debt	-	-	(9,045)	(6,589)	-	(15,634)
Interest paid on capital debt	-	-	(16,384)	-	-	(16,384)
Net cash provided (used) by capital and related financing activities	-	-	(8,117)	(19,189)	-	(27,306)
<u>Cash flows from investing activities:</u>						
Interest and other income	94	116	80	5	-	295
Net cash provided (used) by investing activities	94	116	80	5	-	295
Net increase (decrease) in cash	(40,416)	10,931	2,578	(4,618)	-	(31,525)
Beginning cash balance	143,030	89,305	29,885	7,298	-	269,518
Ending cash balance	102,614	100,236	32,463	2,680	-	237,993
Cash - restricted	-	-	31,153	80	-	31,233
Cash - unrestricted	\$ 102,614	\$ 100,236	\$ 1,310	\$ 2,600	\$ -	\$ 206,760
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 61,321	\$ (11,072)	\$ (80,230)	\$ (80,267)	\$ 10,343	\$ (99,905)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	15,627	2,397	58,697	84,646	105	161,472
(Increase) decrease in accounts receivable	(1,604)	1,262	95	(575)	-	(822)
(Decrease) increase in accounts payable	(74,485)	1,217	(5,734)	21,171	7,748	(50,083)
(Decrease) increase in meter deposits	5,967	4,174	-	-	-	10,141
(Decrease) increase in compensated absences	2,969	2,969	2,969	2,969	(1,000)	10,876
Net cash provided (used) by operating activities	\$ 9,795	\$ 947	\$ (24,203)	\$ 27,944	\$ 17,196	\$ 31,679

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

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2014

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. 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, 2014

Based upon the above criteria, the Town of Boyce has no component units for the year ended May 31, 2014.

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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

- Major Business-Type Funds
 - Electricity System – Used to account for electricity distribution, which is supported by user charges.
 - Natural Gas System – Used to account for natural gas distribution, which is supported by user charges.
 - 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 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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

from issuing long-term debt is reported as another financing source and repayment of long-term debt is reported as an expenditure.

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.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

Internal Activity

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

Compensated Absences

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

Fund Balance Classification

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

Use of Estimates

The preparation of financial statement 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.

NOTE 2 - CASH AND CASH EQUIVALENTS

At May 31, 2014, the collected bank balance of the Town's deposits is:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 93,305	\$ 245,343	\$ 338,648
Restricted Cash	----	31,233	31,233
Total Deposits	93,305	276,576	\$ 369,881
Federal Deposit Insurance	(93,305)	(276,576)	(369,881)
Uninsured Deposits	\$ ----	\$ ----	\$ ----

At May 31, 2014 the Town's collected book balance for deposits is \$302,365. This balance consists of \$31,233 of restricted cash and \$271,132 of unrestricted cash.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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.

Even though 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.

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, 2014, taxes of 6.630 mills totaling \$16,052 were levied on property and were dedicated to general corporate purposes. This tax does not expire.

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

Sales Taxes

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. Since both tax levies are unrestricted, all sales tax proceeds are reported as revenue by the general fund. For the year ended May 31, 2014, 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.
- The Town is also entitled to receive a portion of a parish wide sales tax.

NOTE 4 - RECEIVABLES

At May 31, 2014, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 118,779	\$ 118,779
<u>Due From Other Governmental Units</u>			
Grants Reimbursement	----	167,308	167,308
Sales Taxes	47,639	----	47,639
Other	1,358	----	1,358
Total Receivables	<u>48,997</u>	<u>286,087</u>	<u>335,084</u>
Allowance for Doubtful Accounts	----	(3,403)	(3,403)
Net Receivables	<u>\$ 48,997</u>	<u>\$ 282,684</u>	<u>\$ 331,681</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
Depreciable Capital Assets				
Buildings and Improvements	879,177	----	----	879,177
Furniture, Fixtures and Equipment	895,509	4,361	----	899,870
Infrastructure	1,572,279	----	----	1,572,279
Accumulated Depreciation	(2,788,918)	(73,703)	----	(2,862,621)
Total	<u>558,047</u>	<u>(69,342)</u>	<u>----</u>	<u>488,705</u>
Total Governmental Activities	<u>\$ 728,054</u>	<u>\$ (69,342)</u>	<u>\$ ----</u>	<u>\$ 658,712</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS MAY 31, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 20,337	\$ ----	\$ ----	\$ 20,337
Utility Construction in Process	582,434	390,670	338,108	634,996
Total	<u>602,771</u>	<u>390,670</u>	<u>338,108</u>	<u>655,333</u>
Depreciable Capital Assets				
Utility System	4,783,223	597,431	----	5,380,654
Utility Buildings	22,357	----	----	22,357
Utility Equipment	366,879	----	----	366,879
Accumulated Depreciation	<u>(2,850,435)</u>	<u>(161,367)</u>	<u>----</u>	<u>(3,011,802)</u>
Total	<u>2,322,024</u>	<u>436,064</u>	<u>----</u>	<u>2,758,088</u>
Total Business-Type Activities	<u>\$ 2,924,795</u>	<u>\$ 826,734</u>	<u>\$ 338,108</u>	<u>\$ 3,413,421</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	\$ 5,875	\$ ----	\$ 5,875
Public Safety	54,171	----	54,171
Street & Drainage	6,777	----	6,777
Recreation	6,880	----	6,880
Lights	----	15,627	15,627
Gas	----	2,397	2,397
Water	----	58,697	58,697
Sewer	----	84,646	84,646
Total Depreciation Expense	<u>\$ 73,703</u>	<u>\$ 161,367</u>	<u>\$ 235,070</u>

NOTE 6 - LONG-TERM DEBT

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue bonds payable	\$ ----	\$ 314,748	\$ 314,748
Utility Relocation Assistance Funds	----	42,826	42,826
Capital Leases	21,709	----	21,709
Compensated absences	13,504	84,638	98,142
Total long-term debt	35,213	442,212	477,425
Due within one year	(16,269)	(19,403)	(35,672)
Due in more than one year	<u>\$ 18,944</u>	<u>\$ 422,809</u>	<u>\$ 441,753</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Lease	\$ 37,450	\$ ----	\$ 15,741	\$ 21,709
Compensated absences	10,496	3,008	----	13,504
Total Governmental Activities	<u>47,946</u>	<u>3,008</u>	<u>15,741</u>	<u>35,213</u>
<u>Business-type Activities</u>				
Utility revenue bonds	323,793	----	9,045	314,748
Utility Relocation Assistance Funds	----	49,415	6,589	42,826
Compensated absences	73,761	10,877	----	84,638
Total business-type activities	<u>397,554</u>	<u>60,292</u>	<u>15,634</u>	<u>442,212</u>
Total long-term debts	<u>\$ 445,500</u>	<u>\$ 63,300</u>	<u>\$ 31,375</u>	<u>\$ 477,425</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, 2014, 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>\$ 314,748</u>
Total Revenue Bonds	<u>\$ 314,748</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2014**

Utility Relocation Assistance Funds

The Town has been awarded \$49,415 of Utility Relocation Assistance Funds (URAF) necessary to move a sewer line. Utility Relocation Assistance Funds outstanding at May 31, 2014, are described as follows:

\$49,415 of Utility Relocation Assistance Funds were received in September 2013 with no interest. The funds are to be paid back over five (5) years at \$823 per month.	\$ 42,826
Total Revenue Bonds	<u>\$ 42,826</u>

Maturity of Long-Term Debt

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

<u>Year Ended May 31st</u>	<u>Principle</u>		
	<u>Revenue Bonds</u>	<u>URAF</u>	<u>Interest</u>
<u>Business-Type Activities</u>			
2015	\$ 9,520	\$ 9,883	\$ 15,909
2016	10,019	9,883	15,410
2017	10,545	9,883	14,884
2018	11,098	9,883	14,331
2019	11,680	3,294	13,748
2020-2024	68,267	----	58,879
2025-2029	88,158	----	38,988
2030-2034	105,461	----	13,354
Total Business-Type	<u>\$ 314,748</u>	<u>\$ 42,826</u>	<u>\$ 185,503</u>

Total interest charged to expense for the business-type activities is \$16,384.

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.

Capital Lease

The Town entered into a capital lease in the amount of \$62,491 for the purchase of two new police vehicles. The lease has an interest rate of 3.3% and is due in 48 monthly installments of \$1,392 with the

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **MAY 31, 2014**

final payment due September of 2015. A schedule of the future minimum lease payments is presented below:

<u>Year Ended May 31st</u>	<u>Governmental</u> <u>Activities</u>
<u>Business-Type Activities</u>	
2015	\$ 16,698
2016	5,463
Total minimum lease payments	22,161
Less amount representing interest	(452)
Present value of future minimum lease payments	<u>\$ 21,709</u>

NOTE 7 – LONG-TERM CONTRACTS

Gas Contract

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

Electricity Contract

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

Sanitation Contract

The Town has a contract with Progressive Waste for the collection, transportation and disposal of solid waste. The contract automatically renews every three years. The Town or Progressive Waste may terminate the contract, as long as a written request is provided at least 180 days prior to the expiration date of the contract. The contract provides that charges to the Town for residential service will be \$12.91 per month for a residential unit with one garbage can and \$6.50 for each additional can. In addition, IESI 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.

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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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, 2014, 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>
Jack DeWitt	Mayor	\$ 7,500
Leonard LaCour	Alderman	6,300
Vivian Brossett	Alderman	6,300
Lucretia McCoy	Alderman	6,300
Peggy Brew	Alderman	6,300
Alma Moore	Alderman	6,300
Total		<u>\$ 39,000</u>

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Payable to Vendors	\$ 17,085	\$ 103,034	\$ 120,119
Payable Under Construction Contracts	----	114,719	114,719
Retainage Payable Under Contractual Arrangements	----	52,589	52,589
Total	<u>17,085</u>	<u>270,342</u>	<u>287,427</u>
Payables from Restricted Assets	----	167,308	167,308
Accounts and Other Payables	<u>\$ 17,085</u>	<u>\$ 103,034</u>	<u>\$ 120,119</u>

Business-type activities accounts and other payables are reported in each fund as follows:

	<u>Payable to Vendors</u>	<u>Payable from Restricted Assets</u>	<u>Total</u>
Lights	\$ 43,889	\$ 167,308	\$ 211,197
Gas	7,032	----	7,032
Water	8,406	----	8,406

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

Sewer	24,653	----	24,653
Non-Major	19,054	----	19,054
Total business-type activities	<u>\$ 103,034</u>	<u>\$ 167,308</u>	<u>\$ 270,342</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:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Transfer of resources to cover expenses			
Governmental Activities	<u>\$ 33,924</u>	<u>\$ (14,933)</u>	<u>\$ 18,991</u>
Business-Type Activities			
Lights	----	(53,038)	(53,038)
Gas	9,633	----	9,633
Water	31,354	(204)	31,150
Sewer	2,193	(8,929)	(6,736)
Total Business-Type	<u>43,180</u>	<u>(62,171)</u>	<u>(18,991)</u>
Total Transfers	<u>\$ 77,104</u>	<u>\$ (77,104)</u>	<u>\$ ----</u>

NOTE 13 – 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:

	<u>Receivable</u>	<u>(Payable)</u>	<u>Net</u>
<u>Governmental Activities</u>			
General Fund	<u>\$ 8,462</u>	<u>\$ (93,281)</u>	<u>\$ (84,819)</u>
<u>Business-Type Activities</u>			
Lights Fund	543	----	543
Natural Gas Fund	----	(5,964)	(5,964)
Water Fund	----	(2,498)	(2,498)

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

Sewer Fund	28,942	----	28,942
Non-major fund	63,796	----	63,796
Total business-type activities	93,281	(8,462)	84,819
Total interfund balances	\$ 101,743	\$ (101,743)	\$ ----

NOTE 14- PENSION PLAN

Substantially all employees, except police department 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.

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 8.75%. 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

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2014

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.

NOTE 15 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at May 31, 2014, 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.

TOWN OF BOYCE

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2014

	Budget Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 302,000	\$ 304,511	\$ 311,292	\$ 6,781
License and permits	25,000	42,423	49,340	6,917
Intergovernmental	-	500	4,861	4,361
Bonds and fines	6,000	11,591	11,935	344
Miscellaneous	29,170	36,525	31,084	(5,441)
Total revenues	362,170	395,550	408,512	12,962
Expenditures:				
General government	118,670	121,243	123,989	(2,746)
Public safety	234,900	194,680	205,064	(10,384)
Streets and sanitation	78,810	81,740	61,503	20,237
Recreation	26,700	27,425	29,385	(1,960)
Capital Expenditures	-	500	4,361	(3,861)
Debt Service	17,000	16,698	16,698	-
Total expenditures	476,080	442,286	441,000	1,286
Excess (deficiency) of revenues over expenditures	(113,910)	(46,736)	(32,488)	14,248
Other financing sources (uses):				
Operating transfers (net)	114,000	26,793	18,991	(7,802)
Total other financing sources (uses)	114,000	26,793	18,991	(7,802)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	90	(19,943)	(13,497)	6,446
Fund balance - beginning of year	75,708	24,961	24,961	-
Fund balance - end of year	\$ 75,798	\$ 5,018	\$ 11,464	\$ 6,446

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

Budget and Actual

General Fund

Year ended May 31, 2014

	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	14,700	14,030	14,030	-
Payroll taxes and related expenses	8,500	7,705	8,952	(1,247)
Retirement	1,700	1,555	1,580	(25)
Telephone	4,000	4,170	3,702	468
Office supplies	6,500	8,736	10,728	(1,992)
Advertising and printing	2,500	4,194	3,078	1,116
Dues	2,700	2,653	2,759	(106)
Accounting	8,500	5,703	7,663	(1,960)
Legal	5,000	4,185	-	4,185
Insurance	5,000	8,575	8,710	(135)
Miscellaneous	2,570	6,039	12,723	(6,684)
Travel and conventions	13,000	8,894	11,064	(2,170)
Christmas parade	3,000	4,660	-	4,660
Maintenance	2,000	1,144	-	1,144
Total general government	118,670	121,243	123,989	(2,746)
Public safety:				
Police:				
Salaries	138,000	115,108	117,978	(2,870)
Payroll taxes and related expenses	18,500	7,946	13,672	(5,726)
Contract Patrol	-	-	-	-
Patrol car expenditures	15,000	21,228	20,192	1,036
Uniforms and training	2,500	6,696	6,763	(67)
Supplies and equipment	2,000	7,173	8,678	(1,505)
Telephone	-	-	4,330	(4,330)
Miscellaneous	24,400	16,465	10,979	5,486
Fire protection:				
Truck gas, oil and maintenance	3,150	3,714	-	3,714
Telephone	700	1,228	961	267
Insurance	14,300	12,096	11,400	696
Miscellaneous	16,350	3,026	10,111	(7,085)
Total public safety	234,900	194,680	205,064	(10,384)

TOWN OF BOYCE

Continued

Schedule of Expenses

Budget and Actual

General Fund

Year ended May 31, 2014

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Streets and sanitation:</u>				
Salaries	26,500	23,403	9,771	13,632
Payroll taxes and related benefits	10,760	9,710	3,955	5,755
Truck and tractor maintenance	11,500	17,034	17,380	(346)
Street maintenance	-	-	4,057	(4,057)
Supplies	8,700	19,647	20,026	(379)
Miscellaneous	21,350	11,946	6,314	5,632
Total streets and sanitation	78,810	81,740	61,503	20,237
<u>Recreation:</u>				
Salaries and related benefits	15,000	14,120	15,406	(1,286)
Supplies & miscellaneous	11,700	13,305	13,979	(674)
Total recreation	26,700	27,425	29,385	(1,960)
Debt Service	17,000	16,698	16,698	-
Capital Expenditures	-	500	4,361	(3,861)
Total expenditures	\$ 476,080	\$ 442,286	\$ 441,000	\$ 1,286

TOWN OF BOYCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended May 31, 2014

	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
FEDERAL GRANTOR / Pass-through Grantor / Program Title		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass-through the State of Louisiana, Office of Community Development		
Louisiana Community Development Block Grant		
Public Facilities Grant		\$ 197,307
Municipal Infrastructure Program		<u>390,671</u>
Total Community Development Block Grants	14.228	<u>587,978</u>
TOTAL FEDERAL FUNDS EXPENDED		<u>\$ 587,978</u>

Note: The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for governmental units. See the accompanying notes to financial statements for further details.

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA
MARK S. MCKAY, CPA
LEE W. WILLIS, CPA
RHONDA L. RACHAL, CPA
STEVEN E. KIMBALL, CPA
RICHARD BESSON, CPA

MAILING ADDRESS
POST OFFICE BOX 12178
ALEXANDRIA, LOUISIANA 71315-2178
TELEPHONE (318) 442-1608
TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA
RETIRED - 2005

November 7, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Jack DeWitt., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Town of Boyce with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Boyce's major federal programs for the year ended May 31, 2014. The Town of Boyce's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Boyce's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Boyce's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of Boyce's compliance.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

*The Honorable Jack DeWitt, Mayor
and Members of the Board of Aldermen
Town of Boyce*

Opinion on Each Major Federal Program

In our opinion, the Town of Boyce complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2014.

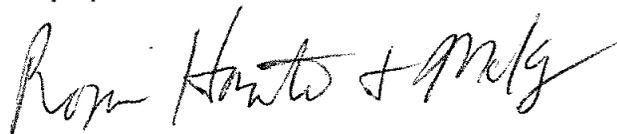
Report on Internal Control over Compliance

The management of the Town of Boyce is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Boyce's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Boyce's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



ROZIER, HARRINGTON & McKAY
Certified Public Accountants

Town of Boyce

**Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2014**

PART I – SUMMARY OF AUDITORS’ RESULTS:

- The Independent Auditor’s Report on the financial statements for the Town of Boyce as of May 31, 2014 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed no instances of noncompliance that are 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 Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 expressed an unqualified opinion on compliance requirements for the major program described below.
- Major programs for the year ended May 31, 2014 are presented as follows:

United States Department of Housing and Urban Development
CFDA No. 14.228 – Community Development Block Grant

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of Boyce was not considered to be a low risk auditee as defined by the OMB Circular A-133.

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

- None

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

- None

TOWN OF BOYCE, LOUISIANA
Managements Corrective Action Plan
For the Year Ended May 31, 2014

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no findings of this nature.	Response – N/A
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
There were no findings in connection with internal control and compliance material to federal awards.	Response - N/A.
<u>SECTION III - MANAGEMENT LETTER</u>	
<p><u>ML-2014-1 – Police Officer Hours</u> From discussions with management and review of documentation, we found some Boyce police officers were working a significant amount of hours each pay period. One officer appears to have worked ten or twelve hours each day with the Boyce Police Department as well as working an additional twelve hour shift with the Rapides Parish Sheriff's Office. Based on a review of time sheets, other officers appear to be working anywhere from twelve to nineteen hours a day for thirteen to sixteen days in a row. Working such hours seems impractical. The Police Chief should closely monitor and schedule the hours worked for each employee to ensure that the proper hours are reported each day. Furthermore, officers need days off for rest and relaxation to ensure that the Town of Boyce has quality officers at all times ready to respond to emergencies and threats as they occur.</p>	<p><u>Response</u> – We are aware of this issue and have reported this issue to the Louisiana Legislative Auditor. We will continue to monitor this situation in the future and implement any changes that may be necessary.</p>

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2014

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no findings of this nature.	Response - N/A
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
<u>SECTION III - MANAGEMENT LETTER</u>	
There were no matters to report.	Response - N/A.

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA
MARK S. MCKAY, CPA
LEE W. WILLIS, CPA
RHONDA L. RACHAL, CPA
STEVEN E. KIMBALL, CPA
RICHARD BESSON, CPA

MAILING ADDRESS
POST OFFICE BOX 12178
ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608
TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA
RETIRED - 2005

November 7, 2014

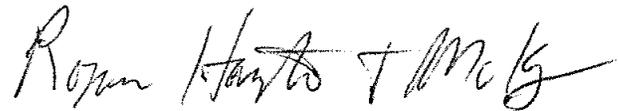
Town of Boyce

In planning and performing our audit of the financial statements of the Town of Boyce for the year ended May 31, 2014, we became aware of a matter that should be addressed by the Mayor and Council.

ML-2014-1 – Police Officer Hours

From discussions with management and review of documentation, we found some Boyce police officers were working a significant amount of hours each pay period. One officer appears to have worked ten or twelve hours each day with the Boyce Police Department as well as working an additional twelve hour shift with the Rapides Parish Sheriff's Office. Based on a review of time sheets, other officers appear to be working anywhere from twelve to nineteen hours a day for thirteen to sixteen days in a row. Working such hours seems impractical. The Police Chief should closely monitor and schedule the hours worked for each employee to ensure that the proper hours are reported each day. Furthermore, officers need days off for rest and relaxation to ensure that the Town of Boyce has quality officers at all times ready to respond to emergencies and threats as they occur.

We will be available at your convenience to discuss our comments and suggestions in greater detail. Our firm will also be available to assist in implementing these recommendations.



ROZIER, HARRINGTON & MCKAY,
Certified Public Accountants

-Members-

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