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Management Letter

Honorable Philip W. Heiman, Mayor
and the Board of Aldermen
Town of Evergreen
Evergreen, Louisiana

In planning and performing the audit of the general purpose financial statements of the Town of Evergreen, Louisiana for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. As noted in the financial report dated December 6, 1996, as a result of the audit work performed we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses. We did note, however, reportable conditions and other recommendations as explained herein.

All prior year comments mentioned in previous communications to the Town of Evergreen, Louisiana have either been resolved or improved. Current year comments consist of previously communicated items that may have been improved but not completely resolved and are therefore mentioned as reminders to management to follow up on corrective actions.

Penalties were assessed and paid in the current fiscal year as a result of delinquent filings of payroll reports in the prior year as had been previously communicated. All current year payroll reports, however, were filed timely and no penalties were incurred for the current year.

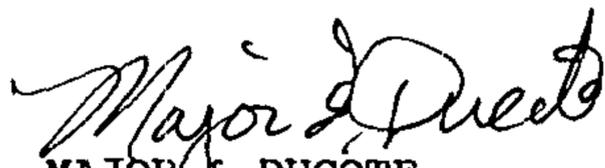
Utility billing arrears were noted as increased over the prior year, however, have decreased from 14% to 12% for the current year. We wish to again remind management of the importance of keeping delinquencies down in order to minimize the potential for lost revenue resulting from bad debts.

Honorable Philip Heiman, Mayor
and the Board of Aldermen
Page 2

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Town of Evergreen, Louisiana's management, and others within its administration.


MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

TOWN OF EVERGREEN, LOUISIANA

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

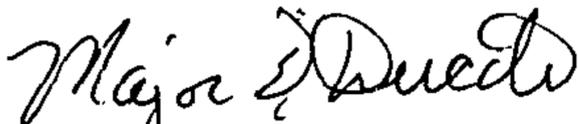
We have audited the accompanying general purpose financial statements of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Evergreen, Louisiana, at June 30, 1996, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 6, 1996, on our consideration of the Town of Evergreen, Louisiana's, internal control structure and a report dated December 6, 1996 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary data in the table of contents is presented for purpose of additional analysis and is not a required part of the financial statements of the Town of Evergreen, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account group, taken as a whole.



MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

**TOWN OF EVERGREEN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996**

| | General | Special Revenue | Capital Projects | Enterprise |
|--|------------------|--------------------|---------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 38,038 | \$ 1,989 | \$ - | \$ 72,669 |
| Investments | - | - | - | 70,645 |
| Receivables: | | | | |
| Taxes and fees | 1,346 | - | - | - |
| Accounts | - | - | - | 12,642 |
| Due from other funds | 5,669 | - | - | 5,976 |
| Due from other govt. units | 3,231 | - | - | - |
| Notes receivable, current | - | - | - | - |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | - | - | - | 23,924 |
| Investments | - | - | - | 23,846 |
| Land | - | - | - | 9,765 |
| Park and Improvements | - | - | - | - |
| Buildings | - | - | - | - |
| Machinery and equipment | - | - | - | - |
| Vehicles | - | - | - | - |
| Property, plant and equipment | - | - | - | 2,271,497 |
| Construction in Progress | - | - | - | - |
| Accumulated depreciation | - | - | - | (502,724) |
| Notes receivable, non-current | - | - | - | 17,500 |
| TOTAL ASSETS | \$ 48,284 | \$ 1,989 | \$ - | \$ 2,005,740 |
| LIABILITIES AND FUND EQUITY | | | | |
| LIABILITIES | | | | |
| Payroll taxes payable | \$ 1,299 | \$ - | \$ - | \$ - |
| Sales taxes payable | - | - | - | 325 |
| Current notes payable | - | - | - | - |
| Payable from restricted assets: | | | | |
| Customer security deposits | - | - | - | 10,659 |
| Revenue bonds payable | - | - | - | 2,000 |
| Accrued interest | - | - | - | 4,854 |
| Due to other funds | 4,676 | - | - | 6,969 |
| Revenue bonds payable | - | - | - | 106,691 |
| Long-term notes payable | - | 17,500 | - | - |
| TOTAL LIABILITIES | 5,975 | 17,500 | - | 131,498 |
| FUND EQUITY | | | | |
| Contributed capital | - | - | - | 1,576,054 |
| Investment in General Fixed Assets | - | - | - | - |
| Retained earnings: | | | | |
| Unreserved | - | - | - | 267,932 |
| Reserved for revenue bond retirement | - | - | - | 30,256 |
| Fund Balances: | | | | |
| Unreserved-designated | - | (15,511) | - | - |
| Unreserved-undesignated | 42,309 | - | - | - |
| TOTAL FUND EQUITY | 42,309 | (15,511) | - | 1,874,242 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 48,284 | \$ 1,989 | \$ - | \$ 2,005,740 |

The accompanying notes are an integral part of this financial statement.

| General Fixed Assets | Memorandum Only Current Year | Memorandum Only Prior Year |
|-------------------------|---------------------------------|-------------------------------|
| \$ - | \$ 112,696 | \$ 119,868 |
| - | 70,645 | 64,059 |
| - | 1,346 | 1,330 |
| - | 12,642 | 12,626 |
| - | 11,645 | 7,109 |
| - | 3,231 | 2,272 |
| - | - | 8,750 |
| - | 23,924 | 22,887 |
| - | 23,846 | 22,633 |
| - | 9,965 | 12,965 |
| 200 | 45,328 | 42,328 |
| 45,328 | 29,853 | 3,210 |
| 29,853 | 18,480 | 16,680 |
| 18,480 | 35,000 | 35,000 |
| 35,000 | 2,271,497 | 1,705,971 |
| - | - | 477,092 |
| - | (502,724) | (458,045) |
| - | 17,500 | 26,250 |
| \$ 128,861 | \$ 2,184,874 | \$ 2,122,985 |

| | | |
|------------|--------------|--------------|
| \$ - | \$ 1,299 | \$ 3,398 |
| - | 325 | 317 |
| - | - | 8,750 |
| - | 10,659 | 11,044 |
| - | 2,000 | 2,000 |
| - | 4,854 | 4,942 |
| - | 11,645 | 7,109 |
| - | 106,691 | 108,691 |
| - | 17,500 | 26,250 |
| - | 154,973 | 172,501 |
| - | 1,576,054 | 1,529,750 |
| 128,861 | 128,861 | 100,418 |
| - | 267,932 | 273,906 |
| - | 30,256 | 24,920 |
| - | (15,511) | (21,952) |
| - | 42,309 | 43,442 |
| 128,861 | 2,029,901 | 1,950,484 |
| \$ 128,861 | \$ 2,184,874 | \$ 2,122,985 |

**TOWN OF EVERGREEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1996**

| | General | Special Revenue | Capital Projects | Memorandum Only Current Year |
|--|------------------|--------------------|---------------------|---------------------------------|
| REVENUES | | | | |
| Taxes | \$ 6,952 | \$ - | \$ - | \$ 6,952 |
| Licenses and permits | 7,210 | - | - | 7,210 |
| Intergovernmental | 16,538 | 12,725 | 79,318 | 108,581 |
| Miscellaneous | 17,028 | 212 | - | 17,240 |
| TOTAL REVENUES | 47,728 | 12,937 | 79,318 | 139,983 |
| EXPENDITURES | | | | |
| General government | 18,771 | - | - | 18,771 |
| Public safety | 29,980 | 4,696 | - | 34,676 |
| Construction Costs | - | - | 74,834 | 74,834 |
| Administrative Costs | - | - | 4,484 | 4,484 |
| Capital Outlay | - | 1,800 | - | 1,800 |
| TOTAL EXPENDITURES | 48,751 | 6,496 | 79,318 | 134,565 |
| Excess (deficiency) of revenues over expenditures | (1,023) | 6,441 | - | 5,418 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | - | - | (110) | (110) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (110) | (110) |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | (1,023) | 6,441 | (110) | 5,308 |
| Fund Balances at beginning of year | 43,332 | (21,952) | 110 | 21,490 |
| Fund Balances at end of year | \$ 42,309 | \$ (15,511) | \$ - | \$ 26,798 |

The accompanying notes are an integral part of this financial statement.

Memorandum Only
Prior Year

\$ 6,594
7,218
450,568
2,290

466,670

15,984
11,318
419,067
12,248
35,000

493,617

(26,947)

-

-

(26,947)

48,437

\$ 21,490

**TOWN OF EVERGREEN
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL AND SPECIAL REVENUE FUND TYPES
 YEAR ENDED JUNE 30, 1996**

| | General | | |
|---|---------------|---------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Taxes | \$ 7,550 | \$ 6,952 | \$ (598) |
| Licenses and permits | 5,500 | 7,210 | 1,710 |
| Intergovernmental | 6,500 | 16,538 | 10,038 |
| Miscellaneous | 17,200 | 17,028 | (172) |
| TOTAL REVENUES | 36,750 | 47,728 | 10,978 |
| EXPENDITURES | | | |
| General government | 16,405 | 18,771 | (2,366) |
| Public safety | 28,235 | 29,980 | (1,745) |
| Capital Outlay | - | - | - |
| TOTAL EXPENDITURES | 44,640 | 48,751 | (4,111) |
| Excess (deficiency) of revenues over expenditures | (7,890) | (1,023) | 6,867 |
| Fund Balances at beginning of year | 43,332 | 43,332 | - |
| Fund Balances at end of year | \$ 35,442 | \$ 42,309 | \$ 6,867 |

The accompanying notes are an integral part of this financial statement.

Special
Revenue

| Budget | Actual | Variance Favorable (Unfavorable) |
|-------------|-------------|--|
| \$ - | \$ - | \$ - |
| 12,000 | 12,725 | 725 |
| - | 212 | 212 |
| 12,000 | 12,937 | 937 |
| - | - | - |
| 3,500 | 4,696 | (1,196) |
| - | 1,800 | (1,800) |
| 3,500 | 6,496 | (2,996) |
| 8,500 | 6,441 | (2,059) |
| (21,952) | (21,952) | - |
| \$ (13,452) | \$ (15,511) | \$ (2,509) |

TOWN OF EVERGREEN
ENTERPRISE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | Water | Sewer | Memorandum Only Current Year | Memorandum Only Prior Year |
|---|-------------------|------------------|---------------------------------|-------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 107,998 | \$ 17,095 | \$ 125,093 | \$ 123,361 |
| Late charges | 1,861 | 286 | 2,147 | 1,563 |
| Total operating revenues | <u>109,859</u> | <u>17,381</u> | <u>127,240</u> | <u>124,924</u> |
| OPERATING EXPENSES | | | | |
| Accounting | - | - | - | 840 |
| Mayor-salary | 1,950 | - | 1,950 | 1,950 |
| Attendance fees | 1,788 | - | 1,788 | 1,658 |
| Collection | 927 | 199 | 1,126 | 1,110 |
| Depreciation | 31,771 | 12,908 | 44,679 | 38,279 |
| Insurance | 7,667 | 55 | 7,722 | 7,264 |
| Lab fees | - | 1,179 | 1,179 | 1,280 |
| Legal advertising | 124 | 25 | 149 | 535 |
| Legal and professional | 7,017 | 2,201 | 9,218 | 6,141 |
| Miscellaneous | 476 | 8 | 484 | 946 |
| Office supplies | 533 | - | 533 | 680 |
| Penalties | 1,510 | 23 | 1,533 | 6,107 |
| Postage | 1,569 | - | 1,569 | 1,685 |
| Rent | 165 | - | 165 | - |
| Repairs and maintenance | 16,004 | 1,211 | 17,215 | 9,474 |
| Salaries | 51,101 | 600 | 51,701 | 47,954 |
| Supplies | 2,819 | - | 2,819 | 4,254 |
| Taxes - payroll | 4,746 | 55 | 4,801 | 4,409 |
| Telephone | 977 | - | 977 | 621 |
| Truck | 2,954 | - | 2,954 | 2,699 |
| Utilities | 7,027 | 2,332 | 9,359 | 10,419 |
| Total operating expenses | <u>141,125</u> | <u>20,796</u> | <u>161,921</u> | <u>148,305</u> |
| Operating income | <u>(31,266)</u> | <u>(3,415)</u> | <u>(34,681)</u> | <u>(23,381)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 4,735 | 1,256 | 5,991 | 7,769 |
| Miscellaneous income | 484 | - | 484 | 671 |
| Vendors compensation | - | - | - | 38 |
| Interest expense | - | (5,447) | (5,447) | (5,411) |
| Total Nonoperating revenues (expenses) | <u>5,219</u> | <u>(4,191)</u> | <u>1,028</u> | <u>3,067</u> |
| Net Income | <u>(26,047)</u> | <u>(7,606)</u> | <u>(33,653)</u> | <u>(20,314)</u> |
| Add depreciation on fixed assets acquired by grants, entitlement, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital | 22,598 | 10,416 | 33,014 | 26,523 |
| INCREASE (DECREASE) IN RETAINED EARNINGS | (3,449) | 2,810 | (639) | 6,209 |
| Retained Earnings beginning of year | 268,545 | 30,282 | 298,827 | 292,617 |
| Retained Earnings end of year | <u>\$ 265,096</u> | <u>\$ 33,092</u> | <u>\$ 298,188</u> | <u>\$ 298,826</u> |

The accompanying notes are an integral part of this financial statement.

TOWN OF EVERGREEN, LOUISIANA
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1996

| | <u>Water System</u> | <u>Sewer System</u> | <u>(Memorandum only) Current</u> | <u>(Memorandum Only) Prior Year</u> |
|---|-------------------------|-------------------------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net Income (Loss) | \$ (26,047) | \$ (7,606) | \$ (33,653) | \$ (20,314) |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Depreciation and amortization | 31,771 | 12,908 | 44,679 | 38,279 |
| (Increase) decrease in: | | | | |
| Receivables | 11,990 | 265 | 12,255 | (34,768) |
| Increase (decrease) in: | | | | |
| Trade accounts payable | - | - | - | (3,646) |
| Other payables | (1,888) | 2,213 | 325 | 1,062 |
| Accrued liabilities | - | (88) | (88) | (485) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 15,826 | 7,692 | 23,518 | (19,872) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchases of property and equipment | (88,434) | - | (88,434) | (432,764) |
| (Increase) Decrease in investments | (6,586) | (713) | (7,299) | (1,011) |
| (Increase) Decrease in restricted assets | 385 | (1,921) | (1,536) | 60,135 |
| NET CASH PROVIDED (USED) FROM (IN) INVESTING ACTIVITIES | (94,635) | (2,634) | (97,269) | (373,640) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Principal paid on bonds and lease payable | - | (2,000) | (2,000) | (13,000) |
| Contributed Capital by State Grant | 79,318 | - | 79,318 | 431,314 |
| NET CASH PROVIDED (USED) FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES | 79,318 | (2,000) | 77,318 | 418,314 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 509 | 3,058 | 3,567 | 24,802 |
| CASH AND CASH EQUIVALENTS UNRESTRICTED, AT BEGINNING OF YEAR | 54,704 | 14,398 | 69,102 | 44,300 |
| CASH AND CASH EQUIVALENTS UNRESTRICTED, END OF YEAR | \$ 55,213 | \$ 17,456 | \$ 72,669 | \$ 69,102 |

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

INTRODUCTION

The Town of Evergreen was incorporated on the first Monday of April 1872, under the provisions of the State of Louisiana Legislative Act 61, signed and dated April 23, 1872. The Town operates under a Mayor-Board of Alderman form of government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Basis of Presentation. Accompanying financial statements of the Town of Evergreen have been prepared in conformity with generally accepted accounting principles (GAAP) applied to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity. Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the Town of Evergreen, 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 Town 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 Town.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, the Evergreen Volunteer Fire Department is considered a part of the Town's reporting entity and has been presented as a blended component unit.

C. Fund Accounting. The Town of Evergreen uses funds and account groups to report its financial position and results of its operations, each of which is considered a separate accounting entity. A fund is a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:
Governmental Fund-

General Fund-

The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other funds.

TOWN OF EVERGREEN, LOUISIANA

NOTES OF FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund-

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds-

Capital Projects Funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund-

Enterprise Funds-

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or new income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Fixed Assets and Long-Term Liabilities. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than building, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a costs of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives, in years, are as follows:

| | <u>Water System</u> | <u>Sewer System</u> |
|---|-------------------------|-------------------------|
| Water well | 20 | - |
| Building & Utility System | 50 | 50 |
| Service Vehicles and Movable Equipment | 7 | 5 |
| Office Furniture and Fixtures | 5 | - |

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All fixed assets are stated at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

E. Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its 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.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charged for services, franchise fees and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt (if applicable) is recognized as an expenditure when due.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year due to immateriality.

The Town follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the fiscal year ended June 30, 1996, there were no interest charges capitalized on fixed assets acquired or constructed. Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 1996 and 1995 was \$44,679 and \$38,279 respectively.

F. Budgets and Budgetary Accounting. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a purposed budget and submits same to the Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. After all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

4. All budgetary appropriations lapse at the end of each fiscal year.

5. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Alderman.

6. The Town does not integrate its budget into the accounting system and exercises budgetary control at the fund level.

G. Cash and Cash Equivalents Cash includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

H. Cash Flow Presentation For the purposes of the statement of cash flows, the Enterprise Funds (Water System Fund and Sewer System fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

I. Investments Investments which consist of interest-bearing certificates of deposit with maturities greater than three months in local financial institutions are stated at cost. At June 30, 1996, cost approximated market value on investments held by the Town.

J. Bad Debts Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Uncollectible amounts at June 30, 1996, were immaterial.

K. Accumulated Unpaid Vacation and Other Employee Benefits Employees of the Town are not covered under any specific vacation or sick leave policy therefore there are no accumulations of such absences to be accrued as a liability in these financial statements. It is the Town's policy to recognize the costs of compensated absences when actually paid to employees.

L. Comparative Totals Comparative total data for the prior year have been presented in the accompanying financial statement in order to provide an understanding of changes in the Town's financial position and operations.

M. Total Columns on Combined Statements - Overview Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 1996, the Town has cash and cash equivalents (book balances) totaling \$231,111 as follows:

| | |
|-----------------|----------------------|
| Demand deposits | \$ 73,029 |
| Time deposits | <u>158,082</u> |
| Total | <u>\$231,111</u> |

Balances in time deposits are reflected as investments since they represent interest-bearing certificates of deposits with maturities greater than three months.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) 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 June 30, 1996, the Town has \$234,839 in deposits (collected bank balances). These deposits are secured from risk by federal deposits insurance of \$210,251 and pledged securities of \$24,588.

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3. RECEIVABLES

Receivables in the general fund at June 30 consisted of the following:

| | <u>1996</u> | <u>1995</u> |
|-----------------------|----------------|----------------|
| Property Taxes | \$ 600 | 630 |
| Franchise fees | 746 | 687 |
| Occupational licenses | <u>-</u> | <u>13</u> |
| | <u>\$1,346</u> | <u>\$1,330</u> |

Intergovernmental receivables at June 30 consisted of the following:

| | <u>1996</u> | <u>1995</u> |
|--------------------|----------------|----------------|
| Fire Insurance Tax | \$2,172 | \$1,889 |
| Tobacco Tax | - | 383 |
| Beer Tax | - | - |
| DOTD | <u>1,059</u> | <u>-</u> |
| | <u>\$3,231</u> | <u>\$2,272</u> |

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 3. RECEIVABLES, (Continued)

In the enterprise fund unbilled utility receivables were immaterial at June 30, 1996. Billed receivable balance at June 30, 1996 consisted of the following:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|------------------|-----------------|----------------|-----------------|
| Current billings | \$ 9,749 | \$1,366 | \$11,115 |
| Over 30 days | 1,359 | 168 | 1,527 |
| | <u>\$11,108</u> | <u>\$1,534</u> | <u>\$12,642</u> |

NOTE 4. INTERFUND RECEIVABLES, PAYABLES

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------|----------------------------------|-------------------------------|
| General Fund | \$ 5,669 | \$ 4,676 |
| Enterprise Funds | 5,976 | 6,969 |
| | <u>\$11,645</u> | <u>\$11,645</u> |

NOTE 5. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1996 totaling \$47,770.

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--------------------------------------|-----------------|-----------------|------------------|
| Customer Meter Deposits | \$10,659 | \$ - | \$ 10,659 |
| Bond and Interest Redemption Reserve | - | 24,855 | 24,855 |
| Contingency | - | 6,140 | 6,140 |
| | - | 6,116 | 6,116 |
| | <u>\$11,659</u> | <u>\$37,111</u> | <u>\$ 47,770</u> |

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 6. CHANGES IN FIXED ASSETS

A summary in changes in general fixed assets as follows:

| | <u>Balance 6/30/95</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/96</u> |
|-----------------------|----------------------------|------------------|------------------|----------------------------|
| Land | \$ 3,200 | \$ - | \$ - | \$ 3,200 |
| Buildings | 3,210 | 26,643 | - | 29,853 |
| Machinery & Equipment | 16,680 | 1,800 | - | 18,480 |
| Vehicles | 35,000 | - | - | 35,000 |
| Park & Improvements | <u>42,328</u> | <u>-</u> | <u>-</u> | <u>42,328</u> |
| | <u>\$100,418</u> | <u>\$ 28,443</u> | <u>\$ -</u> | <u>\$128,861</u> |

A summary of proprietary fund type property, plant and equipment at June 30, 1996 follows:

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Total</u> |
|-------------------------------|-----------------------|-----------------------|--------------------|
| Water Wells | \$ 649,193 | \$ - | \$ 649,193 |
| Distribution System | 919,848 | 643,872 | 1,563,720 |
| Service Vehicles | 15,740 | - | 15,740 |
| Miscellaneous Equipment | <u>39,984</u> | <u>2,860</u> | <u>42,844</u> |
| | 1,624,765 | 646,732 | 2,271,497 |
| Less Accumulated Depreciation | <u>(347,542)</u> | <u>(155,182)</u> | <u>(502,724)</u> |
| | 1,277,223 | 491,550 | 1,768,773 |
| Land | <u>9,765</u> | <u>-</u> | <u>9,765</u> |
| Total | <u>\$1,286,988</u> | <u>\$491,550</u> | <u>\$1,778,538</u> |

NOTE 7. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1996.

| | <u>Sewer</u> |
|----------------------------------|------------------|
| Revenue Bonds Payable at 6/30/95 | \$110,691 |
| Add: New Debt Issued | - |
| Less: Bonds Retired | <u>2,000</u> |
| Revenue Bonds Payable at 6/30/96 | <u>\$108,691</u> |

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 7. CHANGES IN LONG-TERM DEBT, (Continued)

Debt issues payable at June 30, 1996 are comprised of the following individual revenue bond issues:

\$134,000 Sewer Revenue Bond dated August 12, 1983, due in annual installments of \$2,000 to \$8,000 beginning August 12, 1986 through August 12, 2023 interest payable annually on each anniversary date at 5% (this issue is secured by the income and revenues to be derived from the operation of the sewer system). 108,691

\$108,691

The annual requirements to amortize all debt outstanding as of June 30, 1996 including interest payments of \$99,465 are as follows:

| Year Ending <u>June 30</u> | <u>Sewer Revenue</u> |
|-------------------------------|--------------------------|
| 1997 | 7,435 |
| 1998 | 7,335 |
| 1999 | 7,235 |
| 2000 | 7,135 |
| 2001 | 7,035 |
| 2002-2023 | <u>171,981</u> |
| Total | <u>\$208,156</u> |

NOTE 8. AD VALOREM TAXES

For the year ended June 30, 1996, taxes of 7.23 mills were levied on property with assessed valuations totaling \$363,220 and were dedicated as follows:

General Corporate 7.23 mills

Total taxes levied were \$2,626. Taxes receivable at June 30, 1996 were \$600.

Property taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied in October of each year and payable by January 1 of the year following. The Town bills and collects its own property taxes and they are recognized as revenues when levied to the extent that they result in current receivables. Property assessments are based on valuations made by tax assessor of Avoyelles Parish.

NOTE 9. DEDICATION OF SEWER REVENUES AND SINKING FUND REQUIREMENTS

There are a number of limitations and requirements contained in the revenue bond indenture as follows:

1983 SEWER REVENUE BOND:

All the income and revenues of the Sewer System are pledged to the retirement of the Sewer Revenue Bond dated August 12, 1983, and are required to be deposited in a separate bank account designated as the "Sewer Revenue Fund" from which all reasonable and necessary expenses of operating and maintaining the system have first priority. The second priority requires the establishment of the following special funds for the following express purposes:

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 9. DEDICATION OF SEWER REVENUES AND SINKING FUND REQUIREMENTS, (continued)

SEWER REVENUE BOND AND INTEREST SINKING FUND:

This fund, as required by the Bond Resolution, is used for the annual payment of principal and interest on the outstanding bond. This is done by transferring from the Sewer Revenue Fund to the regularly designated fiscal agent of the Town, monthly in advance on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12th) of the total amount of principal and interest falling due in the ensuing year, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.

SEWER RESERVE FUND:

This fund, as required by the Bond Resolution, is established solely for the purpose of paying the principal of and interest on the bond payable from the above mentioned Sewer Revenue Bond and Interest Sinking Fund, as to which there would otherwise be default. Funds must be transferred into this account from the Sewer Revenue Fund, monthly in advance on or before the 20th day of each month of each year, beginning with the first month in which the system becomes revenue producing, a sum at least equal to five per cent (5%) of the amount to be paid into the above mentioned Sinking Fund, with the payments into the Reserve Fund continuing until it has accumulated enough funds to equal the highest combined principal and interest payment due on the bond in any year, as a Debt Service Reserve not to exceed \$8,700.

SEWER DEPRECIATION AND CONTINGENCY FUND:

The purpose of this fund is to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system, by transferring from the Sewer Revenue Fund to the regularly designated fiscal agency bank of the Town, monthly in advance on or before the 20th day of each month. Money in the Sewer Depreciation and Contingency Fund shall also be used to pay the principal of and the interest on any bonds herein authorized for the payment of which there is not sufficient money in the Sinking or Reserve Funds, but if so used, such money shall be replaced by the Town as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds described above.

Subject to the foregoing, which are cumulative, the balance of the excess funds on deposit in the Sewer Revenue Fund may be used by the Town for the purpose of calling and/or paying bonds or of such other lawful corporate purposes as the Governing Authority of the Town may determine.

All or any part of the monies on reserve in any of the aforesaid funds shall, at the written request of the Town, be invested in direct obligations of the United States of America or other obligations permitted by Louisiana law, maturing in five (5) years or less, in which event all income derived from such investments in the said Sinking Fund and said Reserve Fund shall be deposited in the Sewer Revenue Fund as income and reserves of the System, and all income from investments in said Depreciation Fund shall be added to such Depreciation Fund. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which said respective funds are herein maintained.

TOWN OF EVERGREEN, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996**

NOTE 10. RETIREMENT COMMITMENTS

All employees of the Town participate in the social security retirement system. The Town has no further liability for retirement commitments.

NOTE 11. FRANCHISE AGREEMENTS

The Town entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. Central Louisiana Electric Company, Inc. (CLECO) effective March 12, 1973 for a period of twenty-five (25) years. Franchise fee is based on two percent (2%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Town. Fees are payable on an annual basis. Other franchise provisions are as follows:

Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable by CLECO (except uniform ad valorem taxes, based on property values).

2. Laribay Cablevision - effective 1988 for a period of twenty (20) years. The franchise fee is based on three percent (3%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the Town city limits. Fees are payable to the Town semi-annually.

3. Entex Gas, Inc. - effective August 14, 1995, for a period of fifteen (15) years. Franchise fees is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th day of each February.

4. Bell South, Inc. - effective June 12, 1996 for a period of five (5) years. Franchise fee is based on five percent (5%) of the gross receipts from local exchange telephone services for residential and commercial purposes billed on established rates provided within the corporate limits of the Town. Fees are payable to the Town in quarterly installments.

NOTE 12. COMPENSATION TO ELECTED OFFICIALS

The compensation paid to the Mayor and Board of Alderman follows:

| | <u>Office</u> | <u>Date Term Expires/Resigned</u> | <u>Amount of Compensation</u> |
|-----------------------|---------------|-----------------------------------|-------------------------------|
| Philip Heiman | Mayor | December 1996 | \$3,000 |
| Thelma Moore | Alderman | December 1996 | 600 |
| Kenneth Jans | Alderman | December 1996 | 550 |
| Huey Robert, Jr. | Alderman | December 1996 | 450 |
| Deanna Wright | Alderman | December 1996 | 600 |
| Gwendolyn Hollinshead | Alderman | December 1996 | <u>550</u> |
| | | | <u>\$5,750</u> |

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)
June 30, 1996

NOTE 13. FEDERAL FINANCIAL ASSISTANCE

The Town was awarded a \$556,500 grant in June, 1995 through the State of Louisiana Community Development Block Grant (LCDBG) Program for a Fire Protection Improvement Project. As of June 30, 1996 the Town has received \$556,500 and expended \$556,500 under this grant for water system improvements.

NOTE 14. CHANGES IN CONTRIBUTED CAPITAL

During the fiscal year ended June 30, 1996, the Town's contributed capital increased by \$79,318 as a result of the capitalization of construction in progress of fire protection improvement project funded by a grant from the State of Louisiana Community Development Block Grant Program.

NOTE 15. LITIGATION

At June 30, 1996, the Town of Evergreen, Louisiana was not involved in any litigation that would materially affect the financial statements.

NOTE 16. FUND BALANCE DEFICIT

The Volunteer Fire Department Fund has a fund balance deficit, as a result of a loan from the Water System Fund, made on June 1, 1995. The loan was made in the amount of \$35,000, to be repaid in four annual installments of \$8,750 each, with the first payment being due on July 1, 1995. As of June 30, 1996 two payments had been made on the note, leaving a remaining balance of \$17,500 due as follows:

| | |
|--------------------|-----------------|
| July 1, 1997 | \$ 8,750 |
| July 1, 1998 | <u>8,750</u> |
| Total note payable | <u>\$17,500</u> |

SUPPLEMENTARY INFORMATION

**FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments
which are not required to be accounted for in another fund.

TOWN OF EVERGREEN-GENERAL FUND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | June 30, 1996 | | | June 30, 1995 Actual |
|--|---------------|---------------|---|----------------------------|
| | Budget | Actual | Variance— favorable (unfavorable) | |
| REVENUES | | | | |
| Taxes | \$ 7,550 | \$ 6,952 | \$ (598) | \$ 6,594 |
| Licenses and permits | 5,500 | 7,210 | 1,710 | 7,218 |
| Intergovernmental | 6,500 | 16,538 | 10,038 | 6,815 |
| Miscellaneous | 17,200 | 17,028 | (172) | 1,986 |
| TOTAL REVENUES | 36,750 | 47,728 | 10,978 | 22,613 |
| EXPENDITURES | | | | |
| General government | 16,405 | 18,771 | (2,366) | 15,984 |
| Public safety | 28,235 | 29,980 | (1,745) | 4,700 |
| TOTAL EXPENDITURES | 44,640 | 48,751 | (4,111) | 20,684 |
| Excess (deficiency) of revenues over expenditures | (7,890) | (1,023) | 6,867 | 1,929 |
| Fund Balances at beginning of year | 43,332 | 43,332 | - | 41,404 |
| Fund Balances at end of year | \$ 35,442 | \$ 42,309 | \$ 6,867 | \$ 43,333 |

TOWN OF EVERGREEN-GENERAL FUND
GENERAL FUND
STATEMENT OF REVENUES DETAIL - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | June 30, 1996 | | Variance— favorable— (unfavorable) | June 30, 1995 Actual |
|-----------------------------------|------------------|------------------|--|----------------------------|
| | Budget | Actual | | |
| REVENUES | | | | |
| Taxes | | | | |
| Ad valorem | \$ 2,300 | \$ 2,626 | \$ 326 | \$ 2,522 |
| Franchise | 5,250 | 4,326 | (924) | 4,072 |
| Total Taxes | 7,550 | 6,952 | (598) | 6,594 |
| Licenses and permits | | | | |
| Corporate licenses | 5,500 | 7,210 | 1,710 | 7,218 |
| Total Licenses and permits | 5,500 | 7,210 | 1,710 | 7,218 |
| Intergovernmental | | | | |
| Beer taxes | 200 | 236 | 36 | 133 |
| Police jury | 1,200 | 1,200 | - | 1,200 |
| Gaming Share | - | 8,905 | 8,905 | - |
| Tobacco taxes | 1,100 | 1,148 | 48 | 1,532 |
| Fire insurance | 2,000 | 1,872 | (128) | 1,832 |
| State Department of Highways | 2,000 | 3,177 | 1,177 | 2,118 |
| Total Intergovernmental | 6,500 | 16,538 | 10,038 | 6,815 |
| Miscellaneous | | | | |
| Interest income | 1,000 | 700 | (300) | 651 |
| Miscellaneous | - | 128 | 128 | 135 |
| Rent | 1,200 | 1,200 | - | 1,200 |
| Grant proceeds | 15,000 | 15,000 | - | - |
| Total Miscellaneous | 17,200 | 17,028 | (172) | 1,986 |
| TOTAL REVENUES | \$ 36,750 | \$ 47,728 | \$ 10,978 | \$ 22,613 |

TOWN OF EVERGREEN-GENERAL FUND
GENERAL FUND
STATEMENT OF EXPENDITURES DETAIL - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | June 30, 1996 | | Variance-- favorable (unfavorable) | June 30, 1995 Actual |
|---------------------------|------------------|------------------|--|----------------------------|
| | Budget | Actual | | |
| EXPENDITURES | | | | |
| General government | | | | |
| Assessor fees | \$ 150 | \$ 134 | \$ 16 | \$ 135 |
| Accounting | 300 | - | 300 | - |
| Dues | 200 | 270 | (70) | 248 |
| Fuel and oil | 25 | - | 25 | - |
| Insurance | 1,500 | 4,822 | (3,322) | 3,934 |
| Legal and professional. | 2,250 | 4,128 | (1,878) | 2,492 |
| Miscellaneous | 200 | 230 | (30) | 687 |
| Office expense | 300 | 201 | 99 | 262 |
| Mayor-Salary | 630 | 1,050 | (420) | 1,050 |
| Attendance fees | 1,100 | 963 | 137 | 893 |
| Publication of minutes | 350 | 890 | (540) | 1,040 |
| Repairs and maintenance | 250 | 1,376 | (1,126) | 296 |
| Salaries and wages | 5,500 | 1,733 | 3,767 | 1,733 |
| Taxes - payroll | 800 | 312 | 488 | 305 |
| Telephone | 350 | - | 350 | 207 |
| Service charges | - | - | - | 14 |
| Penalties | - | 122 | (122) | 523 |
| Utilities | 2,500 | 2,540 | (40) | 2,165 |
| Total General government | 16,405 | 18,771 | (2,366) | 15,984 |
| Public safety | | | | |
| Fire department | 27,575 | 29,334 | (1,759) | 4,046 |
| Police department | 660 | 646 | 14 | 654 |
| Total Public safety | 28,235 | 29,980 | (1,745) | 4,700 |
| TOTAL EXPENDITURES | \$ 44,640 | \$ 48,751 | \$ (4,111) | \$ 20,684 |

ENTERPRISE FUNDS

Water System Fund- To account for the provision of the water services to the residents of the Town of Evergreen, Louisiana and some residents of the Parish of Avoyelles. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collections.

Sewer System Fund- To account for the provision of the sewerage services to the residents of the Town of Evergreen, Louisiana. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collections.

TOWN OF EVERGREEN
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | Water | Sewer | Memorandum Only Current Year | Memorandum Only Prior Year |
|--------------------------------|---------------------|-------------------|---------------------------------|-------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 55,213 | \$ 17,456 | \$ 72,669 | \$ 69,102 |
| Investments | 70,645 | - | 70,645 | 64,059 |
| Accounts | 11,108 | 1,534 | 12,642 | 12,626 |
| Due from other funds | 5,976 | - | 5,976 | 747 |
| Notes receivable, current | - | - | - | 8,750 |
| Total Current Assets | 142,942 | 18,990 | 161,932 | 155,284 |
| Restricted Assets | | | | |
| Cash and Cash Equivalents | 840 | 23,084 | 23,924 | 22,887 |
| Investments | 9,819 | 14,027 | 23,846 | 22,633 |
| Total Restricted Assets | 10,659 | 37,111 | 47,770 | 45,520 |
| Fixed Assets | | | | |
| Land | 9,765 | - | 9,765 | 9,765 |
| Property, plant and equipment | 1,624,765 | 646,732 | 2,271,497 | 1,705,971 |
| Construction in Progress | - | - | - | 477,092 |
| Accumulated depreciation | (347,542) | (155,182) | (502,724) | (458,045) |
| Total Fixed Assets | 1,286,988 | 491,550 | 1,778,538 | 1,734,783 |
| Other Assets | | | | |
| Notes receivable, non-current | 17,500 | - | 17,500 | 26,250 |
| Total Other Assets | 17,500 | - | 17,500 | 26,250 |
| TOTAL ASSETS | \$ 1,458,089 | \$ 547,651 | \$ 2,005,740 | \$ 1,961,837 |

TOWN OF EVERGREEN
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1996
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995

| | Water | Memorandum Only Sewer | Memorandum Only Current Year | Memorandum Only Prior Year |
|--|---------------------|--------------------------|---------------------------------|-------------------------------|
| LIABILITIES AND FUND EQUITY | | | | |
| LIABILITIES | | | | |
| Curr Liab (from Curr Assets) | | | | |
| Sales taxes payable | \$ 325 | \$ - | \$ 325 | \$ 317 |
| Due to other funds | 3,492 | 3,477 | 6,969 | 6,267 |
| Total Curr Liab (from Curr Assets) | 3,817 | 3,477 | 7,294 | 6,584 |
| Curr Liab (from Restr Assets) | | | | |
| Customer security deposits | 10,659 | - | 10,659 | 11,044 |
| Revenue bonds payable | - | 2,000 | 2,000 | 2,000 |
| Accrued interest | - | 4,854 | 4,854 | 4,942 |
| Total Curr Liab (from Restr Assets) | 10,659 | 6,854 | 17,513 | 17,986 |
| Long-Term Liabilities | | | | |
| Revenue bonds payable | - | 106,691 | 106,691 | 108,691 |
| Total Long-Term Liabilities | - | 106,691 | 106,691 | 108,691 |
| TOTAL LIABILITIES | 14,476 | 117,022 | 131,498 | 133,261 |
| FUND EQUITY | | | | |
| Contributed capital | 1,178,517 | 397,537 | 1,576,054 | 1,529,750 |
| Reserved for revenue bond ret | - | 30,256 | 30,256 | 24,920 |
| Unreserved | 265,096 | 2,836 | 267,932 | 273,906 |
| TOTAL FUND EQUITY | 1,443,613 | 430,629 | 1,874,242 | 1,828,576 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 1,458,089 | \$ 547,651 | \$ 2,005,740 | \$ 1,961,837 |

**TOWN OF EVERGREEN-WATER SYSTEM FUND
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1996**

| | June 30, 1996 | | | |
|---|-------------------|--------------------|---|-------------------------------|
| | Budget | Actual | Variance— favorable (unfavorable) | Memorandum Only Prior Year |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 106,000 | \$ 107,998 | \$ 1,998 | \$ 105,289 |
| Late charges | 2,100 | 1,861 | (239) | 1,335 |
| Total operating revenues | 108,100 | 109,859 | 1,759 | 106,624 |
| OPERATING EXPENSES | | | | |
| Accounting | - | - | - | 840 |
| Mayor-salary | - | 1,950 | (1,950) | 1,950 |
| Attendance fees | 3,120 | 1,788 | 1,332 | 1,658 |
| Collection | 1,000 | 927 | 73 | 895 |
| Depreciation | 24,275 | 31,771 | (7,496) | 25,371 |
| Insurance | 5,500 | 7,667 | (2,167) | 7,130 |
| Legal advertising | 500 | 124 | 376 | 535 |
| Legal and professional | 3,850 | 7,017 | (3,167) | 4,628 |
| Miscellaneous | 350 | 476 | (126) | 929 |
| Office supplies | 500 | 533 | (33) | 600 |
| Penalties | - | 1,510 | (1,510) | 6,042 |
| Postage | 1,600 | 1,569 | 31 | 1,685 |
| Rent | - | 165 | (165) | - |
| Repairs and maintenance | 10,000 | 16,004 | (6,004) | 9,257 |
| Salaries | 46,500 | 51,101 | (4,601) | 47,354 |
| Supplies | 8,000 | 2,819 | 5,181 | 4,254 |
| Taxes - payroll | 4,000 | 4,746 | (746) | 4,355 |
| Telephone | 1,200 | 977 | 223 | 621 |
| Truck | 2,500 | 2,954 | (454) | 2,699 |
| Utilities | 7,000 | 7,027 | (27) | 7,958 |
| Total operating expenses | 119,895 | 141,125 | (21,230) | 128,761 |
| Operating income | (11,795) | (31,266) | (19,471) | (22,137) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 4,000 | 4,735 | 735 | 6,658 |
| Miscellaneous income | 100 | 484 | 384 | 671 |
| Vendors compensation | - | - | - | 38 |
| Total Nonoperating revenues (expenses) | 4,100 | 5,219 | 1,119 | 7,367 |
| Net Income | \$ (7,695) | \$ (26,047) | \$ (18,352) | \$ (14,770) |

**TOWN OF EVERGREEN-SEWER SYSTEM FUND
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1996**

| | June 30, 1996 | | | |
|---|-------------------|-------------------|---|-------------------------------|
| | Budget | Actual | Variance— favorable (unfavorable) | Memorandum Only Prior Year |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 18,000 | \$ 17,095 | \$ (905) | \$ 18,072 |
| Late charges | 350 | 286 | (64) | 228 |
| Total operating revenues | 18,350 | 17,381 | (969) | 18,300 |
| OPERATING EXPENSES | | | | |
| Collection | 200 | 199 | 1 | 215 |
| Depreciation | 13,000 | 12,908 | 92 | 12,908 |
| Insurance | 50 | 55 | (5) | 134 |
| Lab fees | 1,200 | 1,179 | 21 | 1,280 |
| Legal advertising | - | 25 | (25) | - |
| Legal and professional | 1,250 | 2,201 | (951) | 1,513 |
| Miscellaneous | 250 | 8 | 242 | 17 |
| Office supplies | - | - | - | 80 |
| Penalties | - | 23 | (23) | 65 |
| Repairs and maintenance | 1,000 | 1,211 | (211) | 217 |
| Salaries | 600 | 600 | - | 600 |
| Taxes - payroll | 75 | 55 | 20 | 54 |
| Utilities | 2,500 | 2,332 | 168 | 2,461 |
| Total operating expenses | 20,125 | 20,796 | (671) | 19,544 |
| Operating income | (1,775) | (3,415) | (1,640) | (1,244) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 750 | 1,256 | 506 | 1,111 |
| Interest expense | (5,800) | (5,447) | 353 | (5,411) |
| Total Nonoperating revenues (expenses) | (5,050) | (4,191) | 859 | (4,300) |
| Net Income | \$ (6,825) | \$ (7,606) | \$ (781) | \$ (5,544) |

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

The following pages contain reports on the internal control structure and compliance with laws and regulations required by Governmental Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based on the audit of the financial statements and include, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

Major & Ducote

Certified Public Accountants

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MEMBERS:
AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose, financial statements of the Town of Evergreen, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We have conducted our audit in accordance with generally accepted auditing standards, and 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 general purpose financial statements are free of material misstatement.

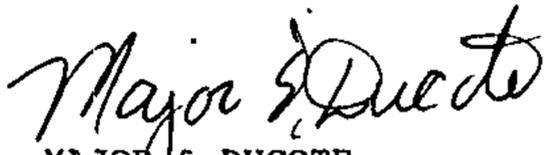
The management of Town of Evergreen, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Town of Evergreen, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weakness as described above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Town of Evergreen, Louisiana, in a separate letter dated December 6, 1996.

This report is intended for the information and use of the Board of Aldermen and management of the Town of Evergreen, Louisiana, and for filing with the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose financial statements of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

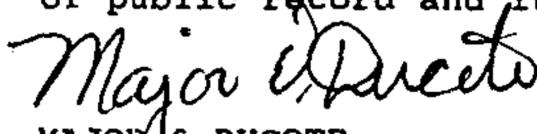
We have conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Evergreen, Louisiana, is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Evergreen, Louisiana, in a separate letter dated December 6, 1996.

This report is intended for the information and use of the Board of Aldermen and management of the Town of Evergreen, Louisiana, and for the filing with the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

**OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128**

The following pages contain reports on the Schedule of Federal Financial Assistance, on internal control and compliance with laws and regulations required by OMB, Circular A-128. The report on the internal accounting and administrative controls related to matters that could be significant and/or material to federal financial assistance programs. The report on compliance with and regulations is, likewise, relates to tests of compliance with laws and regulations relating to federal financial assistance programs.

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**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE**

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose financial statements of the Town of Evergreen, Louisiana as of and for the year ended, June 30, 1996, and have issued our report thereon dated December 6, 1996. These general purpose financial statements are the responsibility of the Town of Evergreen, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Evergreen, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

TOWN OF EVERGREEN, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
June 30, 1996

| <u>Federal Grantor/ Pass-Through Grantor/ Program Name</u> | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|---|------------------------------------|---------------------|
| U S Dept. of Housing and Urban Development: Louisiana Community Development Block Grant Program | 14.228 | <u>\$ 79,318</u> |
| Total | | <u>\$ 79,318</u> |

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**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose financial statements of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of the Town of Evergreen, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the Town of Evergreen, Louisiana's, general purpose financial statements and to report on the internal control structure in accordance with the OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 6, 1996.

The management of the Town of Evergreen, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and

regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of polices and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance program into the following categories:

General Requirements

- Political Activity
- Davis Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allocable Costs / Cost Principles
- Drug Free Workplace
- Administrative Requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant polices and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Town of Evergreen, Louisiana, has no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: Louisiana Community Development Block Grant.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the control structure and its operation that we consider to be material weakness as defined above.

This report is intended for the information and use of the Board of Aldermen and management of the Town of Evergreen, Louisiana, and for filing with the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Major Ducote

MAJOR & DUCOTE
Marksville , Louisiana
December 6, 1996

Major & Ducote

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose financial statements of Town of Evergreen, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

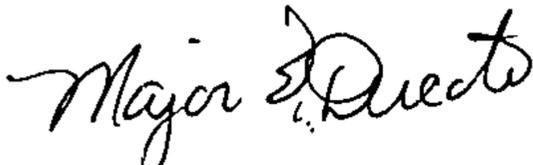
We have applied procedures to test the Town of Evergreen Louisiana's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- * Political Activity
- * Davis Bacon Act
- * Civil Rights
- * Cash Management
- * Federal Financial Reports
- * Allowable Cost / Cost Principles
- * Drug Free Workplace
- * Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Town of Evergreen, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Town of Evergreen, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Aldermen and management of the Town of Evergreen, Louisiana, and for filing with the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

Major & Ducote
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose financial statements of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

In connection with our audit of the general purpose financial statements of the Town of Evergreen, Louisiana, and with our consideration of the Town of Evergreen, Louisiana's, control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and that are applicable to those objective of which is the expression of an opinion on the Town of Evergreen, Louisiana, compliance with these requirements. Accordingly, we do not express such and opinion.

With respect of the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Evergreen, Louisiana, had not complied in all material respects, with those requirements.

This report is intended for the information of the governing body and management of the Town of Evergreen, Louisiana, and for the filing of the Legislative Auditor of the State of Louisiana.

Major & Ducote
MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

Major & Ducote

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Management Letter

Honorable Philip W. Heiman, Mayor
and the Board of Aldermen
Town of Evergreen
Evergreen, Louisiana

In planning and performing the audit of the general purpose financial statements of the Town of Evergreen, Louisiana for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. As noted in the financial report dated December 6, 1996, as a result of the audit work performed we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses. We did note, however, reportable conditions and other recommendations as explained herein.

All prior year comments mentioned in previous communications to the Town of Evergreen, Louisiana have either been resolved or improved. Current year comments consist of previously communicated items that may have been improved but not completely resolved and are therefore mentioned as reminders to management to follow up on corrective actions.

Penalties were assessed and paid in the current fiscal year as a result of delinquent filings of payroll reports in the prior year as had been previously communicated. All current year payroll reports, however, were filed timely and no penalties were incurred for the current year.

Utility billing arrears were noted as increased over the prior year, however, have decreased from 14% to 12% for the current year. We wish to again remind management of the importance of keeping delinquencies down in order to minimize the potential for lost revenue resulting from bad debts.

Honorable Philip Heiman, Mayor
and the Board of Aldermen
Page 2

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Town of Evergreen, Louisiana's management, and others within its administration.



MAJOR & DUCOTE
Marksville, Louisiana
December 6, 1996

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**TOWN OF EVERGREEN, LOUISIANA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 FEB 26 1997

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