

Town of Evergreen

**Annual Financial Statements
As of and for the Year Ended
June 30, 2022**

DUCOTE & COMPANY

Certified Public Accountants

219 North Washington Street

P. O. Box 309

Marksville, LA 71351

**TOWN OF EVERGREEN
EVERGREEN, LOUISIANA
June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

The Honorable Wanda Clark, Mayor
And Members of the Board of Aldermen
Town of Evergreen, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and of each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Town of Evergreen's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Town of Evergreen as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Evergreen, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2022 the Town of Evergreen adopted new accounting guidance, GASB No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Evergreen's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Evergreen's control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Evergreen's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule on page 31 and the schedule of compensation, benefits and other payments to agency heads on pages 33 but does not include the basic financial statements and or auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected or material misstatements of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Town of Evergreen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Evergreen's 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 Evergreen's internal control over financial reporting and compliance.

DUCOTE & COMPANY

Marksville, Louisiana

December 22, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Town of Evergreen
Statement of Net Position
June 30, 2022**

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	23,087	\$ 216,227	\$ 239,314
Investments	21,446	241,945	263,391
Receivables	2,085	50,809	52,894
Internal balances	18,493	(18,493)	-
Restricted cash and cash equivalents	-	449,061	449,061
Restricted investments	-	4,019	4,019
Capital assets:			
Nondepreciable capital assets	27,850	25,428	53,278
Depreciable capital assets, net	34,120	1,804,175	1,838,295
Total Assets	<u>127,081</u>	<u>2,773,171</u>	<u>2,900,252</u>
Liabilities			
Accounts payable	-	6,582	6,582
Accrued expenses and other payables	3,869	2,359	6,228
Long-term liabilities			
Due within one year	-	19,000	19,000
Due in more than one year	-	425,575	425,575
Total Liabilities	<u>3,869</u>	<u>453,516</u>	<u>457,385</u>
Net Position			
Invested in capital assets, net of related debt	61,970	1,829,603	1,891,573
Unrestricted	61,242	490,052	551,294
Total Net Position	<u>\$ 123,212</u>	<u>\$ 2,319,655</u>	<u>\$ 2,442,867</u>

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

**Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2022**

Exhibit B

	<u>Program Revenues</u>				<u>Net Revenue (Expense) and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs							
Governmental Activities							
General government	\$ 79,921	\$ 19,734	\$ 21,320	\$ 27,850	\$ (11,017)	\$ -	\$ (11,017)
Public safety	13,025	33,310	-	-	20,285	-	20,285
Total Governmental Activities	<u>92,946</u>	<u>53,044</u>	<u>21,320</u>	<u>27,850</u>	<u>9,268</u>	<u>-</u>	<u>9,268</u>
Business-type Activities							
Water	396,378	326,354	-	18,420	-	(53,604)	(53,604)
Sewer	71,086	25,350	-	12,417	-	(33,319)	(33,319)
Total Business-type Activities	<u>467,464</u>	<u>351,704</u>	<u>-</u>	<u>28,837</u>	<u>-</u>	<u>(86,923)</u>	<u>(86,923)</u>
Total	<u>\$ 560,410</u>	<u>\$ 404,748</u>	<u>\$ 21,320</u>	<u>\$ 56,687</u>	9,268	(86,923)	(77,655)
General Revenues							
Taxes							
Ad valorem taxes					6,482	-	6,482
Franchise and miscellaneous taxes					10,534	-	10,534
Grants and contributions not restricted to specific programs -							
Federal sources					-	53,346	53,346
Investment earnings					21	200	221
Total General Revenues and Transfers					<u>17,037</u>	<u>53,546</u>	<u>70,583</u>
Change in Net Position					26,305	(33,377)	(7,073)
Net Position, Beginning of Year, as restated					<u>96,907</u>	<u>2,353,032</u>	<u>2,449,939</u>
Net Position, End of Year					<u>\$ 123,212</u>	<u>\$ 2,319,655</u>	<u>\$ 2,442,867</u>

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

FUND FINANCIAL STATEMENTS

**Town of Evergreen
Balance Sheet
Governmental Funds
June 30, 2022**

Exhibit C

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 23,082	5	\$ 23,087
Investments	21,446	-	21,446
Receivables	2,085	-	2,085
Due from other funds	<u>18,493</u>	<u>-</u>	<u>18,493</u>
Total Assets	<u>\$ 65,106</u>	<u>\$ 5</u>	<u>\$ 65,111</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses and other payables	<u>3,869</u>	<u>-</u>	<u>3,869</u>
Total Liabilities	3,869	-	3,869
Fund Balance			
Unassigned	<u>61,237</u>	<u>5</u>	<u>61,242</u>
Total Liabilities and Fund Balance	<u>\$ 65,106</u>	<u>\$ 5</u>	<u>\$ 65,111</u>

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

**Town of Evergreen
 Reconciliation of the Governmental Funds Balance Sheet to
 the Statement of Net Position
 June 30, 2022**

Exhibit D

Fund Balance - Governmental Funds **\$ 61,242**

**Amounts reported for governmental activities in the Statement of
 Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds.

Cost of capital assets	496,726	
Less - accumulated depreciation	<u>(434,757)</u>	<u>61,970</u>

Total net position of governmental activities at June 30, 2022 **\$ 123,212**

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

Town of Evergreen
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2022

Exhibit E

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 17,016	\$ -	\$ 17,016
Intergovernmental	23,620	-	23,620
Licenses and permits	12,328	-	12,328
Investment earnings	21	-	21
Grant contributions	-	27,850	27,850
Police Fines	33,310	-	33,310
Other	5,105	-	5,105
Total Revenues	91,400	27,850	119,249
Expenditures			
Current			
General government	69,276	-	69,276
Public safety	13,025	-	13,025
Capital outlay	4,560	27,850	32,410
Total Expenditures	86,861	27,850	114,711
Excess of Revenues over Expenditures	4,539	-	4,539
Other Financing Sources (Uses)			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	4,539	-	4,539
Fund Balance, Beginning of Year	56,698	5	56,703
Fund Balance, End of Year	\$ 61,237	\$ 5	\$ 61,242

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

**Town of Evergreen
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures, and Changes in Fund Balance to the
 Statement of Activities
 June 30, 2022**

Exhibit F

Net Change in Fund Balance - Governmental Funds **\$ 4,539**

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period.

Capital outlays reported in the funds	32,410	
Less - depreciation reported in the Statement of Activities	<u>(10,643)</u>	<u>21,767</u>

Total change in net position at June 30, 2022 per Statement of Activities **\$ 26,305**

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

**Town of Evergreen
Statement of Net Position
Proprietary Funds
June 30, 2022**

Exhibit G

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Assets			
Current Assets			
Cash and cash equivalents	199,144	17,083	\$ 216,227
Investments	241,945	-	241,945
Receivables	45,948	4,861	50,809
Due from other funds	18,947	-	18,947
Total Current Assets	<u>505,984</u>	<u>21,944</u>	<u>527,928</u>
Noncurrent Assets			
Restricted cash and cash equivalents	449,061	-	449,061
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	3,256,318	1,709,109	4,965,427
Less-accumulated depreciation	<u>(2,205,332)</u>	<u>(930,492)</u>	<u>(3,135,824)</u>
Total Noncurrent Assets	<u>1,504,066</u>	<u>778,617</u>	<u>2,282,683</u>
Total Assets	<u>2,010,050</u>	<u>800,561</u>	<u>2,810,611</u>
Liabilities			
Current Liabilities			
Accounts payable	6,582	-	6,582
Due to other funds	14,253	23,187	37,440
Liabilities payable from restricted assets			
Accrued interest payable	2,359	-	2,359
Revenue bonds payable	19,000	-	19,000
Total Current Liabilities	<u>42,194</u>	<u>23,187</u>	<u>65,381</u>
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	44,575	-	44,575
Revenue bonds payable	381,000	-	381,000
Total Noncurrent Liabilities	<u>425,575</u>	<u>-</u>	<u>425,575</u>
Total Liabilities	<u>467,769</u>	<u>23,187</u>	<u>490,956</u>
Net Position			
Invested in capital assets, net of related debt	1,050,986	778,617	1,829,603
Unrestricted	<u>491,295</u>	<u>(1,243)</u>	<u>490,052</u>
Total Net Position	<u>\$ 1,542,281</u>	<u>\$ 777,374</u>	<u>\$ 2,319,655</u>

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

Town of Evergreen
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2022

Exhibit H

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Operating Revenues			
Charges for services	\$ 326,354	\$ 25,350	\$ 351,704
Total Operating Revenues	326,354	25,350	351,704
Operating Expenses			
Salaries, wages, and payroll taxes	125,071	646	125,717
Legal and other professional	23,720	5,514	29,234
Chemicals and supplies	37,247	5,373	42,620
Repairs and maintenance	42,060	15,123	57,183
Insurance	26,061	-	26,061
Utilities and telephone	26,792	8,811	35,603
Depreciation	97,655	35,019	132,674
Office expense	3,936	-	3,936
Dues and subscriptions	2,136	-	2,136
Vehicle expense	7,809	-	7,809
Other expenses	1,532	600	2,132
Total Operating Expenses	394,019	71,086	465,105
Operating Income (Loss)	(67,665)	(45,736)	(113,401)
Nonoperating Revenues (Expenses)			
Investment earnings	200	-	200
Grant revenues	53,346	-	53,346
Interest expense	(2,359)	-	(2,359)
Total Nonoperating Revenues (Expenses)	51,187	-	51,187
Loss Before Contributions and Transfers	(16,478)	(45,736)	(62,214)
Capital Contributions			
Capital Grants	16,420	12,417	28,837
Transfers In (Out)	-	-	-
Change in Net Position	(58)	(33,319)	(33,377)
Net Position, Beginning of Year, as restated	1,542,339	810,693	2,353,032
Net Position, End of Year	\$ 1,542,281	\$ 777,374	\$ 2,319,655

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2022**

**Exhibit I
(Continued)**

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 311,368	\$ 24,666	\$ 336,034
Payments to vendors and others	(170,551)	(35,421)	(205,972)
Payments to employees	(125,071)	(646)	(125,717)
Net Cash (Used in) Provided by Operating Activities	<u>15,746</u>	<u>(11,401)</u>	<u>4,345</u>
Cash Flows from Noncapital Financing Activities			
Cash transferred to other funds	-	-	-
Cash received from other funds	1,742	(5)	1,737
Net Cash Provided (Used) in Noncapital Financing Activities	<u>1,742</u>	<u>(5)</u>	<u>1,737</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds from grants	69,766	12,417	82,183
Proceeds from revenue bonds	400,000	-	400,000
Interest paid on revenue bonds	(2,359)	-	(2,359)
Purchase of capital assets	(85,503)	(651)	(86,154)
Net Cash Used in Capital and Related Financing Activities	<u>381,904</u>	<u>11,766</u>	<u>393,670</u>
Cash Flows from Investing Activities			
Interest received on operating funds	200	-	200
Miscellaneous income	-	-	-
Net Cash (Used in) Provided by Investing Activities	<u>200</u>	<u>-</u>	<u>200</u>
Net Increase (Decrease) in Cash and Cash Equivalents	399,592	360	399,952
Cash and Cash Equivalents, Beginning of Year	<u>248,613</u>	<u>16,723</u>	<u>265,336</u>
Cash and Cash Equivalents, End of Year	<u>\$ 648,205</u>	<u>\$ 17,083</u>	<u>\$ 665,287</u>

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2022**

**Exhibit I
(Concluded)**

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (67,665)	\$ (45,736)	\$ (113,401)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	97,655	35,019	132,674
Changes in assets and liabilities			
Receivables	(18,162)	(684)	(18,846)
Accounts payable	742	-	742
Accrued expenses	2,359	-	2,359
Customer guaranteed deposits	817	-	817
Net Cash (Used in) Provided by Operating Activities	\$ 15,746	\$ (11,401)	\$ 4,345
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 208,874	\$ 16,723	\$ 225,597
Cash and cash equivalents - restricted	39,738	-	39,738
Total cash and cash equivalents, beginning of period	248,612	16,723	265,335
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	199,144	17,083	216,227
Cash and cash equivalents - restricted	449,061	-	449,061
Total cash and cash equivalents, end of period	648,205	17,083	665,288
Net increase (decrease) in cash and cash equivalents	\$ 399,593	\$ 360	\$ 399,953

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

NOTES TO FINANCIAL STATEMENTS

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies

The Town of Evergreen, Louisiana, (Town) was incorporated under the provisions of the State of Louisiana Legislative Act 61, signed and dated April 23, 1872. The Town is governed by its Mayor and a Board of Aldermen consisting of five members.

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements. In the Government-Wide Financial Statements and the Fund Financial Statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounting and reporting framework and the more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

B. Basis of Presentation

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories and two generic fund types for financial statement presentation purposes. Governmental funds include the General Fund and Capital Projects Fund and Capital Projects Fund. Proprietary funds include Enterprise Funds.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

Government - Wide Financial Statements

The Government-Wide Financial Statements, "*Statement of Net Assets*" and "*Statement of Activities*", report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The Government-Wide Financial Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the Government-Wide Financial Statements and the statements for government funds.

The Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses are not allocated to governmental activities functions in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenue are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

Net assets are reported as restricted when constraints placed on net assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. For the current fiscal year ended June 30, 2022, the Town has no nonmajor funds.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

C. Basis of Accounting

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are the General Fund and Capital Projects Fund.

The General fund is the Town's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the construction of major capital projects.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are recognized when deemed both measurable (the amount of the transaction can be determined) and available (collectible within the current period or within 60 days after year end and available to pay obligations of the current period). This includes property taxes, franchise taxes, grants, interest revenue, and charges for services. Permits and license revenue are not susceptible to accrual because generally they are not measurable until received in cash. Reimbursements due for federally and state funded projects are accrued as revenue at the time the expenditures are made, or, when received in advance, deferred until expenditures are made.

Expenditure Recognition

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs, such as depreciation, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds include charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, benefits paid and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

The major proprietary funds of the Town are the Water System Fund and the Sewer System Fund which account for water and sewer services provided to residents of the Town.

D. Budgets and Budgetary Accounting

The budget for the General Fund and Capital Projects Fund is adopted on the modified accrual basis of accounting, as discussed in the governmental funds. Annual appropriated operating budgets of proposed expenditures and the means of financing them are adopted for the general fund and capital projects fund. Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Budgets are adopted consistent with accounting principles generally accepted in the United States of America.

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts on hand and in demand deposits and money market accounts. For the purpose of the statement of cash flows, management considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

Investments represent certificates of deposit with a maturity date more than three months from the date acquired. Investments are stated at cost, which approximates market value.

Under state law, the Town may deposit funds in demand deposits (interest bearing or non-interest bearing), money market accounts, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Town may invest in United States bonds, treasury notes, investments as stipulated in state law, or any other federally insured investments.

F. Receivables

Receivables are charged against income as they become uncollectible. Bad debts arising from customers' utility receivables are recognized by the direct charge-off method, whereby uncollectible accounts are written off upon delinquency. At, June 30, 2022, the Town considers all accounts collectible, and an allowance for doubtful accounts, if any, would be immaterial.

G. Internal Balances (Due From/To Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net assets and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

H. Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited by applicable bond covenants or by Aldermen action. The assets classified as restricted represent

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

"customers' deposits" amounts received from individuals for utility deposits, which are payable to the customers upon discontinuing service, and "debt service accounts" accumulated for debt service payments of bonds. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

I. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the Government-Wide Financial Statements, capital assets, including general capital assets, are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain capital assets (infrastructure), which consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for general capital assets. Donated assets are capitalized at estimated fair market value on the date donated.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

J. Compensated Absences

Employees of the Town are entitled to paid vacation and paid sick days off, depending on the length of service. None of these benefits vest, therefore, vacation leave is expensed as incurred.

K. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

L. Long-term Obligations

In the Government-Wide Financial Statements and the proprietary fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities and proprietary fund type Statement of Net Assets.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

M. Fund Equity

In the Government-Wide Financial Statements and the proprietary fund financial statements, the restrictions on net assets are limited to outside third-party restrictions.

N. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action of the Town.

Assigned fund balance – amounts that are constrained by the Fund's intent that they will be used for specific purpose.

Unassigned fund balance - all other amounts not included in the other spendable classifications.

O. Revenue Restrictions

The Town of Evergreen has restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include Water revenues which the legal restriction of use is outlined in Note 8. The Town of Evergreen uses unrestricted resources only when restricted resources are fully depleted.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents and Investments

At, June 30, 2022, the Town had cash and cash equivalents and investments as follows:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equivalents	\$ 23,807	\$ 216,227	\$ 240,034
Investments	21,446	241,945	263,391
Restricted cash and cash equivalents	-	449,061	449,061
Restricted investments	-	4,019	4,019
	<u>\$ 44,533</u>	<u>\$ 911,252</u>	<u>\$ 955,785</u>

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 agent bank.

Town of Evergreen, Louisiana

Notes to Basic Financial Statements

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. As of June 30, 2022, the Town's bank balance of \$955,785 was not exposed to custodial credit risk in that \$955,785 was insured by the FDIC insurance and securities pledged by the financial institution.

3. Receivables

Receivables as shown in the Statement of Net Assets, at June 30, 2022, consist of the following:

	Governmental Activities	Business-type Activities	Totals
Customer utility accounts			
Uncollected cycle billings	\$ -	\$ 37,465	\$ 37,465
Grant receivable		13,344	13,344
Taxes and Licenses	2,085	-	2,085
	\$ 2,085	\$ 50,809	\$ 52,894

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. No allowance for doubtful accounts is recorded at June 30, 2022, as such amounts are immaterial.

4. Due From/To Other Funds and Transfers

Amounts due from and to other funds as reported in the Fund Financial Statements, at June 30, 2022, consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 18,493	\$ -
Water System Fund	18,947	14,253
Sewer System Fund	-	23,187
	\$ 37,440	\$ 37,440

These balances represent charges for goods and services between funds. The balances are settled periodically. The amounts here represent activity since the last settlement.

5. Restricted Assets

At June 30, 2022, restricted assets of the Water and Sewer System Enterprise Funds consisted of cash and cash equivalents and investments as follows:

	Water System	Sewer System	Total
Customer guaranteed deposits	\$ 53,080	\$ -	\$ 53,080
Bond proceeds for capital projects	400,000	-	400,000
Total	453,080	-	453,080

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Governmental Activities				
Assets not Being Depreciated				
Construction in Progress	\$ -	\$ 27,850	\$ -	\$ 27,850
Other capital assets				-
Building and improvements	247,676	4,560	-	252,236
Machinery and equipment	152,914	-	-	152,914
Vehicles	63,727	-	-	63,727
Total capital assets, being depreciated	<u>464,317</u>	<u>4,560</u>	<u>-</u>	<u>468,877</u>
Less accumulated depreciation				
Building and improvements	(218,703)	(7,133)	-	(225,836)
Machinery and equipment	(142,874)	(2,959)	-	(145,833)
Vehicles	(62,537)	(551)	-	(63,088)
Total Accumulated Depreciation	<u>(424,114)</u>	<u>(10,643)</u>	<u>-</u>	<u>(434,757)</u>
Total capital assets, being depreciated, net	<u>40,203</u>	<u>(6,083)</u>	<u>-</u>	<u>34,120</u>
Governmental activities, capital assets, net	<u>\$ 40,203</u>	<u>\$ 21,767</u>	<u>\$ -</u>	<u>\$ 61,970</u>

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 10,643

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	5 years

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

6. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in Progress	-	15,663	-	15,663
Other capital assets				-
Plant and system	4,708,944	69,841	-	4,778,785
Buildings	10,415	-	-	10,415
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	81,448	650	-	82,098
Vehicles	66,460	-	-	66,460
Total capital assets, being depreciated	4,869,508	70,491	-	4,939,999
Less accumulated depreciation				
Plant and system	(2,865,395)	(125,628)	-	(2,991,023)
Buildings	(6,882)	(1,030)	-	(7,912)
Furniture and fixtures	(2,241)	-	-	(2,241)
Machinery and equipment	(76,940)	(1,797)	-	(78,737)
Vehicles	(51,692)	(4,219)	-	(55,911)
Total accumulated depreciation	(3,003,150)	(132,674)	-	(3,135,824)
Total capital assets, being depreciated, net	1,866,358	(62,183)	-	1,804,175
Business-type activities, capital assets, net	<u>\$ 1,876,123</u>	<u>\$ (46,520)</u>	<u>\$ -</u>	<u>\$ 1,829,603</u>

Depreciation was charged to functions as follows:

Business-type Activities	
Water	\$ 97,655
Sewer	35,019
Total Depreciation Expense for Business-type Activities	<u>\$ 132,674</u>

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

6. Capital Assets and Depreciation (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Plant and system	5 - 50 years
Furniture and fixtures	3 - 10 years
Machinery and equipment	3 - 10 years
Vehicles	3 - 7 years

7. Long-Term Liabilities

The following is a summary of debt transactions of the Town of Evergreen:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
Business-type Activities:					
Water Revenue Bonds	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ 19,000

Water Revenue Bonds

Amounts outstanding at year end consist of Water Revenue Bonds, Series 2022. Portions of the bond issue mature each year with the final installment due April 1, 2037. Amounts maturing each year range from \$19,000 to \$33,000 with interest ranging from 2.75% to 3.85%. Events of default are outlined in the official statements of the Series 2022 bonds and include a failure to remit payments timely.

The bonds are scheduled to mature as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 19,000	12,838
2024	22,000	13,357
2025	23,000	12,730
2026	24,000	12,051
2027	24,000	11,319
2028-2032	133,000	44,131
2033-2037	155,000	18,288
Total	\$ 400,000	\$ 124,712

8. Flow of Funds: Restriction on Use – Water Revenues

The revenues of the water system are partially pledged to retire the bonds dated April 28, 2022. The bond resolutions of the Water Revenue Bonds, Series 2022 require the establishment and maintenance of the Water Revenue Bond Sinking Fund bank account.

The water system operating fund is required to transfer the following amounts into the Water Revenue Bond Sinking Fund on or before the 20th day of each month.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

<u>May to March</u>	<u>Amount</u>
2022 -2023	\$ 2,894
2023-2024	2,946
2024-2025	2,978
2026-2027	3,004
2026-2027	2,943
2027-2028	2,634
2028-2029	2,979
2029-2030	2,890
2030-2031	2,912
2031-2032	2,916
2032-2033	2,914
2033-2034	2,904
2034-2035	2,891
2035-2036	2,725
2036-2037	2,856

9. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property located within the parish as of January 1 of each year. Taxes are levied normally in November and actually billed to the taxpayer during the same month. Billed taxes become delinquent on January 1 of the following year. These taxes are billed using the assessed values determined by the tax assessor of Avoyelles Parish. Assets are recognized when an enforceable legal claim has arisen or when resources are received, whichever is first. Revenues from ad valorem taxes are budgeted in the year billed, and recognized in the period that the taxes are levied.

For the year ended June 30, 2022, taxes of 6.30 mills were levied on property with assessed values totaling \$1,028,889 for a total assessment of \$6,482.

10. Compensation of Elected Officials

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and the Board of Aldermen, for the fiscal year ended June 30, 2022

Mayor Wanda Clark	\$ 4,800
Board of Aldermen	
Kathy Joffrion	1,200
Shelby Riche	1,100
Kathy Lemoine	1,100
Wade Reason	1,100
Sarah Riche	900

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

11. Risk Management

The Town 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 participation in a public entity risk pool that operates as a common insurance program and by commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

The Town covers all other losses, claim settlements, and judgments from General Fund resources. The Town currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

The Town has not been named as a defendant in any lawsuits as of June 30, 2022.

12. Implementation of New Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the Town of Evergreen's financial statements has not yet been determined.

13. Prior Period Adjustments

The Town of Evergreen discovered an isolated system billing error that was included in the prior period financial statements. Water utility billings receivable were overstated in the prior period.

	Business Type Activities	Water Sytem Fund	Sewer System Fund
July 1, 2021 net position , as reported	\$ 2,417,999	\$ 1,607,302	\$ 810,693
Prior period adjustment:			
Overstated utility billings receivable	<u>(64,963)</u>	<u>(64,963)</u>	<u>-</u>
July 1, 2021 net position, as restated	<u>\$ 2,353,032</u>	<u>\$ 1,542,339</u>	<u>\$ 810,693</u>

REQUIRED SUPPLEMENTAL INFORMATION

**Town of Evergreen
Budgetary Comparison Schedule
General Fund
June 30, 2022**

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Taxes	\$ 15,550	\$ 16,450	\$ 17,016	\$ 566
Intergovernmental	2,350	23,625	23,620	(5)
Licenses and permits	12,000	12,325	12,328	3
Investment earnings	25	20	21	1
Police Fines	27,000	34,500	33,310	(1,191)
Other	5,625	5,580	5,106	(474)
Total Revenues	<u>62,550</u>	<u>92,500</u>	<u>91,400</u>	<u>(1,101)</u>
Expenditures				
Current				
General government	45,725	68,240	69,276	(1,036)
Public safety	13,025	13,025	13,025	-
Capital outlay	-	4,560	4,560	-
Total Expenditures	<u>58,750</u>	<u>85,825</u>	<u>86,861</u>	<u>(1,036)</u>
Excess (Deficiency) of Revenues over Expenditures	3,800	6,675	4,539	(2,136)
Other Financing Sources				
Transfers in	-	-	-	-
Net Change in Fund Balance	3,800	6,675	4,539	(2,136)
Fund Balance, Beginning of Year	<u>56,698</u>	<u>56,698</u>	<u>56,698</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 60,498</u>	<u>\$ 63,373</u>	<u>\$ 61,237</u>	<u>\$ (2,136)</u>

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

Town of Evergreen, Louisiana
Notes to Budgetary Comparison Schedules
June 30, 2022

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. Annual budgets are adopted for the General Fund. The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board of Aldermen. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are as originally adopted and as further amended by the Board of Aldermen. Budgetary appropriations lapse at the end of each fiscal year and must be re-appropriated for the following year in order to be expended.

Town of Evergreen, Louisiana

**Schedule of Compensation, Benefits, and Other Payments to Agency Heads
June 30, 2022**

Schedule 2

Agency Head: Wanda Clark

<u>Purpose</u>	<u>Amount</u>
Salary & Benefits	\$4,800
Conference registration fees	150
Conference travel	<u>134</u>
Total	<u>\$5,084</u>

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**INDEPENDENT AUDITORS' 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 Wanda Clark, Mayor
And the Members of the Board of Aldermen
Town of Evergreen, 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, and each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Evergreen, Louisiana's basic financial statements and have issued our report thereon dated December 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Evergreen, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 the Town of Evergreen's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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 the internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies, and therefore, the material weaknesses or significant deficiencies may exist that had not been identified. We identified a deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a significant deficiency identified as item 2022-01.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Evergreen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-02.

Town of Evergreen, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Evergreen's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Evergreen's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

In addition, this report is intended for the information and use of the Mayor and Members of the Council and management of the Town of Evergreen, Louisiana, federal awarding agencies, and for filing with the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

DUCOTE & COMPANY
Marksville, Louisiana
December 22, 2022

TOWN OF EVERGREEN, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2022

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(s) identified?	_____yes	___x___no
Reportable condition(s) identified not Considered to be material weakness(s)	___x___yes	_____no
Noncompliance material to financial statements noted?	___x___yes	_____no

Federal Awards

Not applicable for the fiscal year ended June 30, 2022.

Section II-Financial Statement Findings

There are two findings relative to compliance labeled 22-01 and 22-02 as discussed in detail in Section IV, which is the same comment labeled 2020-01 and 2020-02 in the prior year report.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2022.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2022**

Finding 2022-01 Financial Statement Preparation

Criteria: An appropriate and effective system of internal control over financial reporting includes controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements.

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Cause and Effect: Due to cost effectiveness, auditor assistance is required for preparation of the financial statements and the related notes.

Recommendation: No action is recommended.

Management's Response: See Management's Corrective Action Plan.

Finding 2022-02 Segregation of Duties over Cash Receipts

Criteria: Adequate controls over accountability for cash resources includes procedures to provide for checks and balances in the receiving and recording of cash collections. Such procedures include the segregation of the responsibilities for collections and deposit preparation functions separate from those for recording cash receipts and general ledger entries.

Condition and Context: There is a lack of segregation of duties over cash receipts in that the same person handles incoming receipts, prepares the deposits, posts receipts to customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Cause and Effect: Due to the small size of the Town's office staff there is a lack of segregation of cash receipts duties.

Recommendation: We recommend that, the Mayor or a board member receive and review the bank statements before turning them over to the bookkeeper to prepare the bank reconciliation. They should also review the reconciliations after they are prepared.

Management's Response: See Management's Corrective Action Plan.

**Town of Evergreen, Louisiana
Management's Corrective Action Plan
Year Ended June 30, 2022**

Finding 2022-01 Financial Statement Preparation

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Recommendation: No action is recommended.

Action taken: No action is necessary.

Finding 2022-02 Segregation of Duties over Cash Receipts

Condition and Context: There is a lack of segregation of duties over cash receipts in that the same person handles incoming receipts, prepares the deposits, posts receipts to customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Recommendation: It is recommended that, the Mayor or a board member receive and review the bank statements before turning them over to the bookkeeper to prepare the bank reconciliation. They should also review the reconciliations after they are prepared.

Action taken: The Mayor will meet monthly with the Town Clerk to review all monthly bank reconciliations prepared by the Town Clerk.

**Town of Evergreen, Louisiana
Status of Prior Year Findings
Year Ended June 30, 2022**

Finding 2021-01 Financial Statement Preparation

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Current Status: Unresolved. See Finding 2022-01.

Finding 2021-02 Segregation of Duties over Cash Receipts

Condition and Context: There is a lack of segregation of cash receipts duties in that the same person handles incoming receipts, prepares the deposits, posts receipts to the customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Current Status: Unresolved. See Finding 2022-02.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Wanda Clark, Mayor
And the Members of the Board of Aldermen
Evergreen, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Evergreen and the Louisiana Legislative Auditor (LLA's) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town of Evergreen has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- a) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- b) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- c) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- d) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- e) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- f) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - a) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - b) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement matched the related original invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments., Agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes in the entity's ethics policy during the fiscal period, as applicable.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies and Procedures:

The Town of Evergreen did not have completed written policies and procedures that addressed each category and subcategory as listed above as of the completion of the agree-upon procedures. The Town is currently in process of completing their policy and procedure manual.

Bank Reconciliations

Five out of five bank reconciliations examined did not include evidence that a member of management/board member, who does not handle cash, post ledgers, or issue checks, has reviewed each bank reconciliations

Cash Collections:

The Town of Evergreen does not issue sequentially pre-numbered receipts for cash collections.

Payroll and Personnel:

Five out of five employees had no salary/pay rate information maintained in their personnel file.

Sexual Harassment:

Four out of five employees did not complete one hour of annual sexual harassment training for the fiscal year.

Management's Response:

Management of the Town of Evergreen concurs with the exceptions and are working to address the deficiencies as identified.

We were engaged by the Town of Evergreen to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Evergreen and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our agreed-upon procedures engagement.

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

DUCOTE & COMPANY

Marksville, Louisiana

December 22, 2022