

Town of Evergreen

Annual Financial Statements
As of and for the Year Ended
June 30, 2019

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

**TOWN OF EVERGREEN
EVERGREEN, LOUISIANA
June 30, 2019
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Wanda Clark, Mayor
Town of Evergreen
Evergreen, LA

We have reviewed the accompanying financial statements of the governmental activities and business –type activities of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2019 and the related notes to the financial statements. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of the management of the Town of Evergreen. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the management's discussion and analysis, information that is required to be presented for purposes of additional analysis. 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. The results of our review of the basic financial statements were not affected by this missing information.

Other Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule-General Fund and the Schedule of Compensation, Benefits and Other Payments to Agency Heads on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Ducote & Company

Certified Public Accountants

Marksville, Louisiana

November 20, 2019

BASIC FINANCIAL STATEMENTS

**Town of Evergreen
Statement of Net Position
June 30, 2019**

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 29,322	\$ 293,390	\$ 322,712
Investments	12,257	136,454	148,711
Receivables	1,785	36,563	38,348
Internal balances	22,667	(22,667)	-
Restricted cash and cash equivalents	-	36,381	36,381
Restricted investments	-	4,019	4,019
Capital assets, net of depreciation			
Nondepreciable		-	-
Land and construction in progress	-	9,765	9,765
Depreciable		-	-
Other capital assets, net of depreciation	62,371	2,132,863	2,195,234
Total Assets	<u>128,402</u>	<u>2,626,768</u>	<u>2,755,170</u>
Liabilities			
Accounts payable	3,152	13,768	16,920
Accrued expenses and other payables	2,547	-	2,547
Long-term liabilities			
Due in more than one year	-	40,400	40,400
Total Liabilities	<u>5,699</u>	<u>54,168</u>	<u>59,867</u>
Net Position			
Invested in capital assets, net of related debt	62,371	2,142,628	2,204,999
Unrestricted	<u>60,332</u>	<u>429,971</u>	<u>490,303</u>
Total Net Position	<u>\$ 122,704</u>	<u>\$ 2,572,596</u>	<u>\$ 2,695,301</u>

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

Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2019

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	\$ 74,450	\$ 28,520	\$ 1,196	\$ -	\$ (44,734)		\$ (44,734)
Public safety	10,520	25,514	-	-	14,994		14,994
Total Governmental Activities	<u>84,970</u>	<u>54,034</u>	<u>1,196</u>	<u>-</u>	<u>(29,740)</u>		<u>(29,740)</u>
Business-type Activities							
Water	394,830	263,331	-	-		(131,499)	(131,499)
Sewer	50,520	24,653	-	-		(25,867)	(25,867)
Total Business-type Activities	<u>445,350</u>	<u>287,984</u>	<u>-</u>	<u>-</u>		<u>(157,366)</u>	<u>(157,366)</u>
Total	<u>\$ 530,320</u>	<u>\$ 342,018</u>	<u>\$ 1,196</u>	<u>\$ -</u>	<u>(29,740)</u>	<u>(157,366)</u>	<u>(187,106)</u>
General Revenues							
Taxes							
Ad valorem taxes					5,708	-	5,708
Franchise and miscellaneous taxes					10,120	-	10,120
Investment earnings					123	1,227	1,350
Miscellaneous					288	-	288
Transfers					12,000	(12,000)	-
Total General Revenues and Transfers					<u>28,239</u>	<u>(10,773)</u>	<u>17,466</u>
Change in Net Position					(1,501)	(168,139)	(169,641)
Net Position, Beginning of Year					<u>124,205</u>	<u>2,740,736</u>	<u>2,864,941</u>
Net Position, End of Year					<u>\$ 122,704</u>	<u>\$ 2,572,596</u>	<u>\$ 2,695,301</u>

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

FUND FINANCIAL STATEMENTS

**Town of Evergreen
Balance Sheet
Governmental Funds
June 30, 2019**

	Exhibit C
	General Fund
	<u> </u>
Assets	
Cash and cash equivalents	\$ 29,322
Investments	12,257
Receivables	1,785
Due from other funds	<u>22,667</u>
Total Assets	<u><u>\$ 66,032</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 3,152
Accrued expenses and other payables	<u>2,547</u>
Total Liabilities	5,698
Fund Balance	
Unassigned	<u>60,333</u>
Total Liabilities and Fund Balance	<u><u>\$ 66,032</u></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
6/30/2019

Exhibit D

Fund Balance - Governmental Funds \$ 60,333

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	456,981	
Less - accumulated depreciation	<u>(394,610)</u>	<u>62,371</u>

Total net position of governmental activities at June 30, 2019 \$ 122,704

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, 2019

	Exhibit E
	General Fund
Revenues	
Taxes	\$ 15,828
Intergovernmental	1,196
Licenses and permits	21,499
Investment earnings	123
Grant contributions	-
Police Fines	25,514
Other	7,308
Total Revenues	71,469
Expenditures	
Current	
General government	57,624
Public safety	10,520
Capital outlay	1,360
Total Expenditures	69,505
Excess of Revenues over Expenditures	1,964
Other Financing Sources (Uses)	
Transfers in	12,000
Total Other Financing Sources (Uses)	12,000
Net Change in Fund Balance	13,964
Fund Balance, Beginning of Year	46,369
Fund Balance, End of Year	\$ 60,333

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, 2019**

Exhibit F

Net Change in Fund Balance - Governmental Funds **\$ 13,964**

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	1,360	
Less - depreciation reported in the Statement of Activities	<u>(16,825)</u>	<u>(15,465)</u>

Total change in net position at June 30, 2019 per Statement of Activities **\$ (1,501)**

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

**Town of Evergreen
Statement of Net Position
Proprietary Funds
June 30, 2019**

Exhibit G

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 263,630	\$ 29,759	\$ 293,390
Investments	136,454	-	136,454
Receivables	33,000	3,563	36,563
Due from other funds	16,252	-	16,252
Total Current Assets	449,336	33,322	482,659
Noncurrent Assets			
Restricted cash and cash equivalents	36,381	-	36,381
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	3,164,055	1,695,552	4,859,607
Less-accumulated depreciation	(1,890,736)	(826,242)	(2,716,978)
Total Noncurrent Assets	1,313,719	869,310	2,183,029
Total Assets	1,763,055	902,632	2,665,688
Liabilities			
Current Liabilities			
Accounts payable	13,001	767	13,768
Due to other funds	15,714	23,205	38,919
Total Current Liabilities	28,715	23,972	52,687
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	40,400	-	40,400
Total Noncurrent Liabilities	40,400	-	40,400
Total Liabilities	69,115	23,972	93,087
Net Position			
Invested in capital assets, net of related debt	1,273,318	869,310	2,142,628
Unrestricted	420,621	9,350	429,971
Total Net Position	\$ 1,693,937	\$ 878,659	\$ 2,572,596

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, 2019

Exhibit H

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Operating Revenues			
Charges for services	\$ 263,331	\$ 24,653	\$ 287,984
Total Operating Revenues	263,331	24,653	287,984
Operating Expenses			
Salaries, wages, and payroll taxes	105,898	646	106,544
Legal and other professional	14,729	4,747	19,476
Chemicals and supplies	12,536	972	13,508
Repairs and maintenance	40,547	1,676	42,223
Insurance	34,479	-	34,479
Utilities and telephone	18,220	8,063	26,283
Depreciation	155,651	34,365	190,016
Office expense	6,181	50	6,231
Dues and subscriptions	1,586	-	1,586
Vehicle expense	4,347	-	4,347
Other expenses	656	-	656
Total Operating Expenses	394,830	50,519	445,349
Operating Income (Loss)	(131,499)	(25,866)	(157,365)
Nonoperating Revenues (Expenses)			
Investment earnings	1,152	75	1,227
Total Nonoperating Revenues (Expenses)	1,152	75	1,227
Loss Before Contributions and Transfers	(130,347)	(25,791)	(156,138)
Capital Contributions			
Capital Grants	-	-	-
Transfers In (Out)	(12,000)	-	(12,000)
Change in Net Position	(142,347)	(25,791)	(168,138)
Net Position, Beginning of Year	1,836,285	904,451	2,740,736
Net Position, End of Year	\$ 1,693,937	\$ 878,659	\$ 2,572,596

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2019**

**Exhibit I
(Continued)**

	Enterprise Funds		
	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 276,693	\$ 24,905	\$ 301,598
Internal activity - payments to other funds	-	-	-
Payments to vendors and others	(139,347)	(20,586)	(159,933)
Payments to employees	(105,898)	(646)	(106,544)
Net Cash (Used in) Provided by Operating Activities	<u>31,448</u>	<u>3,673</u>	<u>35,121</u>
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(12,000)	-	(12,000)
Increase/decrease in due to/due from accounts	(4,942)	469	(4,473)
Net Cash Used in Noncapital Financing Activities	<u>(16,942)</u>	<u>469</u>	<u>(16,473)</u>
Cash Flows from Capital and Related Financing Activities			
Principal paid on revenue bonds	-	-	-
Interest paid on revenue bonds	-	-	-
Purchase of capital assets	(1,000)	(14,847)	(15,847)
Net Cash Used in Capital and Related Financing Activities	<u>(1,000)</u>	<u>(14,847)</u>	<u>(15,847)</u>
Cash Flows from Investing Activities			
Grant Revenue	-	-	-
Interest received on operating funds	1,152	75	1,227
Miscellaneous income	-	-	-
Purchase/Liquidation of investments	(1,104)	-	(1,104)
Net Cash (Used in) Provided by Investing Activities	<u>48</u>	<u>75</u>	<u>123</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,554	(10,630)	2,924
Cash and Cash Equivalents, Beginning of Year	<u>286,455</u>	<u>40,389</u>	<u>326,844</u>
Cash and Cash Equivalents, End of Year	<u>\$ 300,011</u>	<u>\$ 29,760</u>	<u>\$ 329,771</u>

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2019**

**Exhibit I
(Concluded)**

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (131,499)	\$ (25,866)	\$ (157,365)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	155,651	34,365	190,016
Changes in assets and liabilities			
Receivables	10,105	252	10,357
Accounts payable	(6,066)	(5,078)	(11,144)
Accrued expenses	-	-	-
Customer guaranteed deposits	3,257	-	3,257
Net Cash (Used in) Provided by Operating Activities	\$ 31,448	\$ 3,673	\$ 35,121
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and cash equivalents	\$ 263,630	\$ 4,172	\$ 267,802
Restricted cash and cash equivalents	36,381	25,588	61,969
Cash and Cash Equivalents, End of Year	\$ 300,011	\$ 29,760	\$ 329,771

Additional required disclosure:

There were no material noncash operating, noncapital financing, or capital and related financing activities.

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

NOTES TO FINANCIAL STATEMENTS

Town of Evergreen, Louisiana
June 30, 2019

Notes to 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. Proprietary funds include Enterprise Funds.

Town of Evergreen, Louisiana
June 30, 2019

Notes to 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, 2019, the Town has no nonmajor funds.

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

Town of Evergreen, Louisiana
June 30, 2019

Notes to Financial Statements

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.

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 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. 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.

Town of Evergreen, Louisiana
June 30, 2019

Notes to Financial Statements

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, 2019, 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 "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.

Town of Evergreen, Louisiana
June 30, 2019

Notes to Financial Statements

I. Capital Assets (continued)

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.

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.

**Town of Evergreen, Louisiana
June 30, 2019**

Notes to Financial Statements

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. 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, 2019, the Town had cash and cash equivalents and investments as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 29,322	\$ 293,390	\$ 322,712
Investments	12,257	136,454	148,711
Restricted cash and cash equivalents	-	36,381	36,381
Restricted investments	-	4,019	4,019
	<u>\$ 41,579</u>	<u>\$ 470,244</u>	<u>\$ 511,823</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.

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, 2019, the Town's bank balance of \$514,512 was not exposed to custodial credit risk in that \$514,512 was insured by the FDIC insurance and securities pledged by the financial institution.

**Town of Evergreen, Louisiana
June 30, 2019**

Notes to Financial Statements

3. Receivables

Receivables as shown in the Statement of Net Assets, at June 30, 2019, consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Customer utility accounts			
Uncollected cycle billings	\$ -	\$ 36,563	\$ 36,563
Estimated billings between cycles	-	-	-
Taxes and Licenses	1,785	-	1,785
	<u>\$ 1,785</u>	<u>\$ 36,563</u>	<u>\$ 38,348</u>

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, 2019, 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, 2019, consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 22,667	\$ -
Water System Fund	16,252	15,714
Sewer System Fund	<u>-</u>	<u>23,205</u>
	<u>\$ 38,919</u>	<u>\$ 38,919</u>

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

Transfers for the year ending June 30, 2019, shown in the Fund Financial Statements were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Water System Fund	\$ 12,000

The transfers are movements of money from one fund to another. These can be required by law or merely serve as a means to finance activities in the receiving fund. The transfers are not loans, i.e., the receiving fund does not pay it back.

Town of Evergreen, Louisiana

June 30, 2019

Notes to Financial Statements

5. Restricted Assets

At June 30, 2019, 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	\$ 40,400	\$ -	\$ 40,400
	\$ 40,400	\$ -	\$ 40,400

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities				
Other Capital Assets				
Buildings and improvements	\$ 247,676	\$ -	\$ -	\$ 242,891
Machinery and equipment	144,218	1,360	-	145,578
Vehicles	63,727	-	-	63,727
Total Other Capital Assets	455,621	1,360	-	456,981
Accumulated Depreciation				
Buildings and improvements	(193,875)	(8,355)	-	(202,230)
Machinery and equipment	(128,831)	(4,601)	-	(133,432)
Vehicles	(55,079)	(3,869)	-	(58,948)
Total Accumulated Depreciation	(377,785)	(16,825)	-	(394,610)
Other Capital Assets, Net	77,836	(15,465)	-	62,371
Capital Assets, Net	\$ 77,836	\$ (15,465)	\$ -	\$ 62,371

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 16,825

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
June 30, 2019**

Notes to Financial Statements

6. Capital Assets and Depreciation (Continued)

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type Activities				
Assets not Being Depreciated				
Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in progress	-	-	-	-
Total Assets not Being Depreciated	9,765	-	-	9,765
Other Capital Assets				
Plant and system	4,694,097	14,847	-	4,708,944
Buildings	10,415	-	-	10,415
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	62,155	1,000	-	63,155
Vehicles	65,087	-	-	65,087
Total Other Capital Assets	4,833,995	15,847	-	4,849,842
Accumulated Depreciation				
Plant and system	(2,386,524)	(186,155)	-	(2,572,679)
Buildings	(3,427)	(1,229)	-	(4,656)
Furniture and fixtures	(2,241)	-	-	(2,241)
Machinery and equipment	(69,683)	(2,632)	-	(72,315)
Vehicles	(65,088)	-	-	(65,088)
Total Accumulated Depreciation	(2,526,962)	(190,016)	-	(2,716,979)
Other Capital Assets, Net	2,307,032	(174,169)	-	2,132,863
Capital Assets, Net	\$ 2,316,798	\$ (174,169)	\$ -	\$ 2,142,628

Depreciation was charged to functions as follows:

Business-type Activities

Water	\$ 155,651
Sewer	34,365
Total Depreciation Expense for Business-type Activities	\$ 190,016

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

**Town of Evergreen, Louisiana
June 30, 2019**

Notes to Financial Statements

7. Long-Term Debt

A summary of long-term debt, as of June 30, 2019, follows:

	Balance 07/01/2018	Additions	(Reductions)	Balance 06/30/2019
Business-type Activities Long-term Debt				
Customer guaranteed deposits	37,143	3,257	-	40,400
Totals	\$ 37,143	\$ 3,257	\$ -	\$ 40,400

8. 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, 2019, taxes of 6.30 mills were levied on property with assessed values totaling \$997,110 for a total assessment of \$6,282.

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, 2019.

Mayor John Armand	\$ 2,400
Mayor Wanda Clark	3,000
Board of Aldermen	
Barbara J. Trimbur	600
David Trimbur	600
Shelby Riche	600
Sarah Riche	900
Kathy Joffrion	1,200
Levi Phillips	100
Roxanne Riche	400

**Town of Evergreen, Louisiana
June 30, 2019**

Notes to 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, 2019.

REQUIRED SUPPLEMENTAL INFORMATION

**Town of Evergreen
Budgetary Comparison Schedule
General Fund
June 30, 2019**

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 17,500	\$ 15,975	\$ 15,828	\$ (147)
Intergovernmental	2,300	3,500	1,196	(2,304)
Licenses and permits	13,750	22,000	21,499	(501)
Investment earnings	65	90	123	33
Grant contributions	-	-	-	-
Police Fines	24,000	26,500	25,514	(986)
Other	5,250	5,500	7,308	1,808
Total Revenues	<u>62,865</u>	<u>73,565</u>	<u>71,469</u>	<u>(2,096)</u>
Expenditures				
Current				
General government	56,525	61,505	57,625	3,880
Public safety	10,000	10,000	10,520	(520)
Capital outlay	2,000	2,000	1,360	640
Total Expenditures	<u>68,525</u>	<u>73,505</u>	<u>69,505</u>	<u>4,000</u>
Excess (Deficiency) of Revenues over Expenditures	(5,660)	60	1,964	1,904
Other Financing Sources				
Transfers in	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net Change in Fund Balance	6,340	12,060	13,964	1,904
Fund Balance, Beginning of Year	<u>46,369</u>	<u>46,369</u>	<u>46,369</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 52,709</u>	<u>\$ 58,429</u>	<u>\$ 60,333</u>	<u>\$ 1,904</u>

**Town of Evergreen, Louisiana
June 30, 2019**

Schedule of Compensation, Benefits, and Other Payments to Agency Heads

Schedule 2

Agency Head: John Armand, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary & Benefits	\$ 2,400
Meals and Travel	297
Dues	<u>125</u>
Total	<u>\$ 2,822</u>

Agency Head: Wanda Clark, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary & Benefits	\$ 3,000
Meals and Travel	211
Supplies	10
Dues	<u>125</u>
Total	<u>\$ 3,436</u>

OTHER INFORMATION

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Wand Clark, Mayor
Town of Evergreen
Evergreen, LA 71333

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Evergreen and the Legislative Auditor (the specified parties), on the Town of Evergreen's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Town's management is responsible for its financial records and compliance with applicable laws and regulations.

The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purposes.

PUBLIC BID LAW

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (RS 39:1551-39:1755) (the state procurement code) or RS 38:2211-2296 (the public bid law), whichever is applicable, and report whether the expenditures were made in accordance with these laws.

No expenditures were made during the twelve months ended June 30, 2019, for materials and supplies exceeding \$30,000, or public works exceeding \$157,700.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain a list of the immediate family members of each Board Member as defined by LSA-RS 42:1101-1124 (the ethics law).

A listing of all immediate family members was obtained.

3. Obtain a list of all employees paid during the fiscal year.

A listing of all employees paid during the period was obtained.

4. Report whether any employees' names appear on the both lists obtained in Procedures 2 and 3 above.

None of the employees included on the list of employees provided by management per item 3 appeared on the list provided by management per item 2.

5. Obtain a list of all disbursements made during the year and a list of outside business interests of council members, employees, and council members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the business of council members, employees, and council members' and employees; immediate families appeared as vendors on the list of disbursements.

BUDGETING

6. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the one amendment to the budget adopted during the year.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report if there are any exceptions.

The budget and the amendment were properly adopted in the minutes of the Town meetings.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

The expenditures did not exceed budgeted amounts by more than 5% in the General Fund and revenues did not fail to meet budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and payee in the supporting documentation.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account;

All six of the payments were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

All six of the payments were properly approved and signed.

MEETINGS

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:12 (the open meetings law) and report whether there are any exceptions.

The Town complied with the open meeting law.

DEBT

11. Obtain bank deposit slips for the fiscal year and scan bank slips in order to identify and report whether any deposits appear to be proceeds of bank loans, bonds, or like indebtedness. If such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

An examination of the bank deposits for the period revealed no proceeds from bank loans, bonds or like indebtedness.

ADVANCES AND BONUSES

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

An inspection of the payroll records and the meeting minutes of the Town for the year noted no payments to employees that would constitute bonuses, advances or gifts.

STATE AUDIT LAW

13. Report whether the Town provided for a timely report in accordance with RS 24:513.

The Town provided a timely report in accordance with RS 24:513

14. Inquire of management and report whether the Town (1) entered into any contracts that utilized state funds as defined by RS 39:72.1 A. (2) and that were subject to the public bid law (RS 38:2211, et seq), while the Town was not in compliance with RS 24:513 (the audit law).

The Town is in compliance with RS 24:513 (the audit law) and did not enter into any contract that utilized state Funds while not in compliance with such law.

PRIOR COMMENTS AND RECOMMENDATIONS

15. Obtain and report management's representation as to whether any prior suggestions, exceptions, recommendations, and/or comments have been resolved.

See schedule of prior and current findings and management's corrective action plan for any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Evergreen and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
November 20, 2019

TOWN OF EVERGREEN
P. O. Box 85
Evergreen, Louisiana 71333

LOUISIANA ATTESTATION QUESTIONNAIRE

November 20, 2019

Ducote & Company
Certified Public Accountants
P. O. Box 309
Marksville, Louisiana 71351

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2019 and for the year ended then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Government Audit Guide, we make the following representations to you.

PUBLIC BID LAW

It is true that we have complied with the public bid law, LSA-RS Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No

BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-15) or the budget requirements of LSA-RS 39:1331-1342, as applicable.

Yes No

ACCOUNTING AND REPORTING

All non-exempt government records are available as a public record and have been retained for at least three years, as requires by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, where applicable.

Yes No

We have had our financial statements reviewed in accordance with LSA- RS 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 (d); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

MEETINGS

We have complied with the provisions of the Open Meetings Law, provided in RS 42:11 through 42:28.

Yes No

DEBT

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No

ADVANCES AND BONUSES

It is true we have not advanced wages or salaries to employees or paid bonuses in violation or Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No

PRIOR-YEAR COMMENTS

We have resolved all prior-year recommendations and/or comments.

Yes No

GENERAL

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [X] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [X] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [X] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [X] No []

The previous responses have been made to the best of our belief and knowledge.



Wanda Clark, Mayor

11-20-19



Stephanie Allen, Town Clerk

11-20-19

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2019**

Finding 2019-01 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 2019-02 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, 2019**

Finding 2019-01 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 2019-02 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, 2019**

Finding 2018-01 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 2019-01.

Finding 2018-02 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 2019-02.