

Town of Evergreen

Annual Financial Statements
As of and for the Year Ended
June 30, 2020

DUCOTE & COMPANY

Certified Public Accountants

219 North Washington Street

P. O. Box 309

Marksville, LA 71351

**TOWN OF EVERGREEN
EVERGREEN, LOUISIANA
June 30, 2020**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, of each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Town of Evergreen, Louisiana, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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. 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 29 and 31 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, 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 grand agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Evergreen's internal control over financial reporting and compliance.

DUCOTE & COMPANY

Marksville, Louisiana

June 11, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Town of Evergreen
Statement of Net Position
June 30, 2020**

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 38,510	\$ 184,073	\$ 222,583
Investments	12,420	238,639	251,059
Receivables	45,353	38,718	84,071
Internal balances	20,467	(20,467)	-
Restricted cash and cash equivalents	-	37,588	37,588
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	46,476	1,992,250	2,038,726
Total Assets	<u>163,226</u>	<u>2,484,585</u>	<u>2,647,811</u>
Liabilities			
Accounts payable	45,886	11,127	57,013
Accrued expenses and other payables	2,181	-	2,181
Long-term liabilities			
Due in more than one year	-	41,107	41,107
Total Liabilities	<u>48,067</u>	<u>52,234</u>	<u>100,301</u>
Net Position			
Invested in capital assets, net of related debt	46,476	2,002,015	2,048,491
Unrestricted	<u>68,682</u>	<u>430,335</u>	<u>499,017</u>
Total Net Position	<u>\$ 115,158</u>	<u>\$ 2,432,350</u>	<u>\$ 2,547,508</u>

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

**Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2020**

Exhibit B

	Program Revenues			Net Revenue (Expense) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 592,402	\$ 20,090	\$ -	\$ 515,241	\$ (57,071)		\$ (57,071)
Public safety	10,793	22,987	-	-	12,194		12,194
Total Governmental Activities	<u>603,195</u>	<u>43,077</u>	<u>-</u>	<u>515,241</u>	<u>(44,877)</u>		<u>(44,877)</u>
Business-type Activities							
Water	404,521	290,976	-	1,200		(112,345)	(112,345)
Sewer	55,572	25,443	-	-		(30,129)	(30,129)
Total Business-type Activities	<u>460,093</u>	<u>316,419</u>	<u>-</u>	<u>1,200</u>		<u>(142,474)</u>	<u>(142,474)</u>
Total	<u>\$1,063,288</u>	<u>\$ 359,496</u>	<u>\$ -</u>	<u>\$ 516,441</u>	(44,877)	(142,474)	(187,351)
General Revenues							
Taxes							
Ad valorem taxes					6,109	-	6,109
Franchise and miscellaneous taxes					30,699	-	30,699
Investment earnings					175	2,229	2,404
Miscellaneous					344	-	344
Transfers							
Total General Revenues and Transfers					<u>37,332</u>	<u>2,224</u>	<u>39,556</u>
Change in Net Position					(7,545)	(140,250)	(147,796)
Net Position, Beginning of Year					<u>122,704</u>	<u>2,572,596</u>	<u>2,695,300</u>
Net Position, End of Year					<u>\$ 115,158</u>	<u>\$ 2,432,350</u>	<u>\$ 2,547,508</u>

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

FUND FINANCIAL STATEMENTS

**Town of Evergreen
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit C

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 38,505	\$ 5	\$ 38,510
Investments	12,420	-	12,420
Receivables	1,474	43,879	45,353
Due from other funds	20,467	-	20,467
	<u>72,865</u>	<u>43,884</u>	<u>116,749</u>
Total Assets	\$ 72,865	\$ 43,884	\$ 116,749
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 2,006	\$ 43,879	\$ 45,886
Accrued expenses and other payables	2,181	-	2,181
Total Liabilities	4,188	43,879	48,067
Fund Balance			
Unassigned	68,677	5	68,682
	<u>72,865</u>	<u>43,884</u>	<u>116,749</u>
Total Liabilities and Fund Balance	\$ 72,865	\$ 43,884	\$ 116,749

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
 6/30/2020**

Exhibit D

Fund Balance - Governmental Funds **\$ 68,682**

**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>(410,504)</u>	<u>46,477</u>

Total net position of governmental activities at June 30, 2020 **\$ 115,158**

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, 2020

Exhibit E

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 36,808	\$ -	\$ 36,808
Intergovernmental	-	-	-
Licenses and permits	11,756	-	11,756
Investment earnings	175	-	175
Grant contributions	-	515,242	515,242
Police Fines	22,987	-	22,987
Other	8,678	-	8,678
Total Revenues	<u>80,404</u>	<u>515,242</u>	<u>595,646</u>
Expenditures			
Current			
General government	61,266	-	61,266
Public safety	10,793	-	10,793
Capital outlay	-	515,242	515,242
Total Expenditures	<u>72,059</u>	<u>515,242</u>	<u>587,301</u>
Excess of Revenues over Expenditures	8,345	-	
Other Financing Sources (Uses)			
Transfers in	-	5	5
Total Other Financing Sources (Uses)	<u>-</u>	<u>5</u>	<u>5</u>
Net Change in Fund Balance	8,345	5	8,350
Fund Balance, Beginning of Year	<u>60,333</u>	<u>-</u>	<u>60,333</u>
Fund Balance, End of Year	<u>\$ 68,677</u>	<u>\$ 5</u>	<u>\$ 68,682</u>

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, 2020**

Exhibit F

Net Change in Fund Balance - Governmental Funds		\$ 8,350
 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	-	
Less - depreciation reported in the Statement of Activities	<u>(15,895)</u>	<u>(15,895)</u>
 Total change in net position at June 30, 2020 per Statement of Activities		 <u>\$ (7,545)</u>

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

**Town of Evergreen
Statement of Net Position
Proprietary Funds
June 30, 2020**

Exhibit G

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Assets			
Current Assets			
Cash and cash equivalents	\$ 162,367	\$ 22,206	\$ 184,574
Investments	238,639	-	238,639
Receivables	34,708	4,010	38,718
Due from other funds	16,252	-	16,252
Total Current Assets	<u>451,966</u>	<u>26,216</u>	<u>478,183</u>
Noncurrent Assets			
Restricted cash and cash equivalents	37,088	-	37,088
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	3,166,990	1,708,459	4,875,449
Less-accumulated depreciation	<u>(2,012,885)</u>	<u>(860,550)</u>	<u>(2,873,435)</u>
Total Noncurrent Assets	<u>1,195,212</u>	<u>847,909</u>	<u>2,043,121</u>
Total Assets	<u>1,647,178</u>	<u>874,125</u>	<u>2,521,304</u>
Liabilities			
Current Liabilities			
Accounts payable	8,735	2,392	11,127
Due to other funds	13,519	23,200	36,719
Total Current Liabilities	<u>22,254</u>	<u>25,592</u>	<u>47,846</u>
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	<u>41,107</u>	-	<u>41,107</u>
Total Noncurrent Liabilities	<u>41,107</u>	-	<u>41,107</u>
Total Liabilities	<u>63,361</u>	<u>25,592</u>	<u>88,953</u>
Net Position			
Invested in capital assets, net of related debt	1,154,105	847,909	2,002,014
Unrestricted	<u>429,712</u>	<u>623</u>	<u>430,335</u>
Total Net Position	<u>\$ 1,583,815</u>	<u>\$ 848,531</u>	<u>\$ 2,432,350</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, 2020

Exhibit H

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Operating Revenues			
Charges for services	\$ 290,976	\$ 25,443	\$ 316,419
Total Operating Revenues	290,976	25,443	316,419
Operating Expenses			
Salaries, wages, and payroll taxes	108,678	645	109,323
Legal and other professional	15,600	4,625	20,225
Chemicals and supplies	22,771	1,972	24,743
Repairs and maintenance	58,883	4,255	63,138
Insurance	28,777	-	28,777
Utilities and telephone	17,419	9,766	27,185
Depreciation	141,872	34,308	176,180
Office expense	2,763	-	2,763
Dues and subscriptions	1,586	-	1,586
Vehicle expense	5,030	-	5,030
Other expenses	2,143	-	2,143
Total Operating Expenses	405,522	55,571	461,093
Operating Income (Loss)	(114,546)	(30,128)	(144,674)
Nonoperating Revenues (Expenses)			
Investment earnings	2,229	-	2,229
Proceeds from sale of assets	1,000	-	1,000
Total Nonoperating Revenues (Expenses)	3,229	-	3,229
Loss Before Contributions and Transfers	(111,317)	(30,128)	(141,445)
Capital Contributions			
Capital Grants	1,200	-	1,200
Transfers In (Out)	(5)	-	(5)
Change in Net Position	(110,122)	(30,128)	(140,250)
Net Position, Beginning of Year	1,693,937	878,659	2,572,596
Net Position, End of Year	\$ 1,583,815	\$ 848,531	\$ 2,432,350

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2020**

**Exhibit I
(Continued)**

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 289,975	\$ 24,996	\$ 314,971
Internal activity - payments to other funds	-	-	-
Payments to vendors and others	(159,238)	(18,993)	(178,231)
Payments to employees	(108,678)	(645)	(109,323)
Net Cash (Used in) Provided by Operating Activities	<u>22,059</u>	<u>5,358</u>	<u>27,417</u>
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(5)	-	(5)
Increase/decrease in due to/due from accounts	(2,195)	(5)	(2,200)
Net Cash Used in Noncapital Financing Activities	<u>(2,200)</u>	<u>(5)</u>	<u>(2,205)</u>
Cash Flows from Capital and Related Financing Activities			
Sale of capital assets	1,000	-	1,000
Capital grants received	1,200	-	1,200
Purchase of capital assets	(22,659)	(12,907)	(35,566)
Net Cash Used in Capital and Related Financing Activities	<u>(20,459)</u>	<u>(12,907)</u>	<u>(33,366)</u>
Cash Flows from Investing Activities			
Grant Revenue	-	-	-
Interest received on operating funds	2,229	-	2,229
Miscellaneous income	-	-	-
Purchase/Liquidation of investments	(102,185)	-	(102,185)
Net Cash (Used in) Provided by Investing Activities	<u>(99,956)</u>	<u>-</u>	<u>(99,956)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(100,556)	(7,554)	(108,110)
Cash and Cash Equivalents, Beginning of Year	<u>300,011</u>	<u>29,760</u>	<u>329,771</u>
Cash and Cash Equivalents, End of Year	<u>\$ 199,455</u>	<u>\$ 22,206</u>	<u>\$ 221,661</u>

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

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2020**

**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)	\$ (114,546)	\$ (30,125)	\$ (144,671)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	141,872	34,308	176,180
Changes in assets and liabilities			
Receivables	(1,708)	(447)	(2,155)
Accounts payable	(4,266)	1,630	(2,636)
Accrued expenses	-	-	-
Customer guaranteed deposits	707	-	707
Net Cash (Used in) Provided by Operating Activities	\$ 22,059	\$ 5,366	\$ 27,425
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and cash equivalents	\$ 162,367	\$ 22,206	\$ 184,573
Restricted cash and cash equivalents	37,088	-	37,088
Cash and Cash Equivalents, End of Year	\$ 199,455	\$ 22,206	\$ 221,661

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, 2020

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, 2020**

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, 2020, the Town has no nonmajor funds.

Town of Evergreen, Louisiana
June 30, 2020

Notes to 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 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.

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.

Town of Evergreen, Louisiana
June 30, 2020

Notes to Financial Statements

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.

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, 2020, 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.

Town of Evergreen, Louisiana
June 30, 2020

Notes to Financial Statements

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.

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, 2020**

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, 2020, the Town had cash and cash equivalents and investments as follows:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equivalents	\$ 38,505	\$ 184,078	\$ 222,583
Investments	12,147	238,639	251,059
Restricted cash and cash equivalents	-	37,588	37,588
Restricted investments	-	4,019	4,019
	<u>\$ 50,925</u>	<u>\$ 464,324</u>	<u>\$ 515,249</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, 2020, the Town's bank balance of \$521,796 was not exposed to custodial credit risk in that \$521,796 was insured by the FDIC insurance and securities pledged by the financial institution.

**Town of Evergreen, Louisiana
June 30, 2020**

Notes to Financial Statements

3. Receivables

Receivables as shown in the Statement of Net Assets, at June 30, 2020, consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Customer utility accounts			
Uncollected cycle billings	\$ -	\$ 37,004	\$ 37,004
Estimated billings between cycles	-	1,714	1,714
Grant receivable		-	-
Taxes and Licenses	45,353	-	45,353
Intergovernmental			
Grass cutting	-	-	-
	<u>\$ 45,353</u>	<u>\$ 38,718</u>	<u>\$ 84,071</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, 2020, 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, 2020, consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 20,539	\$ -
Water System Fund	16,252	13,590
Sewer System Fund	-	23,201
	<u>\$ 36,791</u>	<u>\$ 36,791</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.

**Town of Evergreen, Louisiana
June 30, 2020**

Notes to Financial Statements

5. Restricted Assets

At June 30, 2020, 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	\$ 41,107	\$ -	\$ 41,107

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities				
Other Capital Assets				
Buildings and improvements	\$ 242,891	\$ -	\$ -	\$ 242,891
Machinery and equipment	145,578	-	-	145,578
Vehicles	63,727	-	-	63,727
Total Other Capital Assets	456,981	-	-	456,981
Accumulated Depreciation				
Buildings and improvements	(202,230)	(8246)	-	(210,476)
Machinery and equipment	(133,432)	(4,610)	-	(138,042)
Vehicles	(58,948)	(3,039)	-	(61,987)
Total Accumulated Depreciation	(394,610)	(15,895)	-	(410,505)
Other Capital Assets, Net	62,371	(15,895)	-	46,476
Capital Assets, Net	\$ 62,371	\$ (15,895)	\$ -	\$ 46,476

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 15,902

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, 2020**

Notes to Financial Statements

6. Capital Assets and Depreciation (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-type Activities				
Assets not Being Depreciated				
Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in Progress	-	-	-	-
Total Assets not Being Depreciated	9,765.00	-	-	9,765
Other Capital Assets				
Plant and system	4,708,944	-	-	4,708,944
Buildings	10,415	-	-	10,415
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	63,155	14,469	-	77,624
Vehicles	65,087	21,097	(19,724)	66,460
Total Other Capital Assets	4,849,842	35,566	(19,724.00)	4,865,684
Accumulated Depreciation				
Plant and system	(2,572,679)	(169,939)	-	(2,742,618)
Buildings	(4,656)	(1,196)	-	(5,852)
Furniture and fixtures	(2,241)	-	-	(2,241)
Machinery and equipment	(72,315)	(2,936)	-	(75,251)
Vehicles	(65,087)	(2,110)	19,724.00	(47,473)
Total Accumulated Depreciation	(2,716,978)	(176,180)	19,724.00	(2,873,434)
Other Capital Assets, Net	2,132,864	(140,614)	-	1,992,250
Capital Assets, Net	\$ 2,142,629	\$ (140,614)	\$ -	\$ 2,002,015

Depreciation was charged to functions as follows:

Business-type Activities	
Water	\$ 141,872
Sewer	34,308
Total Depreciation Expense for Business-type Activities	\$ 176,180

**Town of Evergreen, Louisiana
June 30, 2020**

Notes to 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. 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, 2020, taxes of 6.30 mills were levied on property with assessed values totaling \$978,800.

8. 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, 2020

Mayor Wanda Clark	\$ 5,200
Board of Aldermen	
Shelby Riche	1,200
Kathy Joffrion	1,100
Sarah Riche	1,100
Barbara J. Trimbur	1,300
David Trimbur	1,300

**Town of Evergreen, Louisiana
June 30, 2020**

Notes to Financial Statements

9. 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, 2020.

10. Street Improvement Project

The Town was awarded funding from the Office of Community Development (OCD) under the FY 2019 LCDBG Public Facilities Planning Program (Contract Number 2000449676) in the amount of \$585,450 for Street Improvements. As of the date of this report, a total of \$515,242 of funds were expended and all monitoring findings were cleared.

11. Subsequent Events

Subsequent events were evaluated through June 11, 2021, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2020, that required recognition or disclosure in the financial statements.

As a result of COVID-19 coronavirus, economic uncertainties have arisen which could possibly have a negative impact on operations and cause business interruptions. However, the related financial impact and duration cannot be reasonably estimated at this time. The Town is closely monitoring its financial statements for future impacts.

REQUIRED SUPPLEMENTAL INFORMATION

**Town of Evergreen
Budgetary Comparison Schedule
General Fund
June 30, 2020**

	Budgeted Amounts			Actual	Schedule 1 Variance with Final Budget Positive (Negative)
	Original	Final			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	
Revenues					
Taxes	\$ 15,350	\$ 14,300	\$ 36,808	\$ 22,508	
Intergovernmental	2,300	2,755	-	(2,755)	
Licenses and permits	13,000	11,500	11,756	256	
Investment earnings	175	30	175	145	
Grant contributions	-	3,588	-	(3,588)	
Police Fines	24,000	26,000	22,987	(3,013)	
Other	5,975	5,600	8,678	3,078	
Total Revenues	<u>60,800</u>	<u>63,773</u>	<u>80,404</u>	<u>16,631</u>	
Expenditures					
Current					
General government	67,750	75,610	61,266	14,344	
Public safety	-	-	10,793	(10,793)	
Capital outlay	-	-	-	-	
Total Expenditures	<u>67,750</u>	<u>75,610</u>	<u>72,059</u>	<u>3,551</u>	
Excess (Deficiency) of Revenues over Expenditures	(6,950)	(11,837)	8,345	20,182	
Other Financing Sources					
Transfers in	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>	
Net Change in Fund Balance	5,050	163	8,345	8,182	
Fund Balance, Beginning of Year	<u>60,333</u>	<u>60,333</u>	<u>60,333</u>	<u>-</u>	
Fund Balance, End of Year	<u>\$ 65,383</u>	<u>\$ 60,496</u>	<u>\$ 68,677</u>	<u>\$ 8,182</u>	

Town of Evergreen, Louisiana
Notes to Budgetary Comparison Schedules
June 30, 2020

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
June 30, 2020**

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

Schedule 2

Agency Head: Wanda Clark

<u>Purpose</u>	<u>Amount</u>
Salary & Benefits	\$5,200
Meals and Travel	185
Reimbursement	<u>16</u>
Total	<u>\$5,401</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 Wand 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, 2020, 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 June 11, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify 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 20-02.

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 20-01.

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

June 11, 2021

TOWN OF EVERGREEN, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2020

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, 2020.

Section II-Financial Statement Findings

There are two findings relative to compliance labeled 20-01 and 20-02 as discussed in detail in Section IV, which is the same comment labeled 19-01 and 19-02 in the prior year report.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2020.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2020**

Finding 2020-01 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 2020-02 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 receives 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 contract accountant 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, 2020**

Finding 2020-01 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 2020-02 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 receives 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 contract accountant 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 contract accountant.

**Town of Evergreen, Louisiana
Status of Prior Year Findings
Year Ended June 30, 2020**

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.

Current Status: Unresolved. See Finding 2020-01.

Finding 2019-02 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 receives the monthly bank statement.

Current Status: Unresolved. See Finding 2020-02.