

Town of Evergreen

Annual Financial Statements
**As of and for the Year Ended
June 30, 2017**

DUCOTE & COMPANY

Certified Public Accountants

219 North Washington Street

P. O. Box 309

Marksville, LA 71351

**TOWN OF EVERGREEN
EVERGREEN, LOUISIANA
June 30, 2017**

Table of Contents

	<u>Page No.</u>	<u>Exhibit</u>
Louisiana Attestation Questionnaire	1-3	
Independent Accountants' Report on Applying Agreed Upon Procedures	4-6	
Independent Accountants' Review Report	7-8	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	10	A
Statement of Activities	11	B
Fund Financial Statements:		
Balance Sheet – Governmental Funds	13	C
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14	D
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	15	E
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	16	F
Statement of Net Position-Proprietary Funds	17	G
Statement of Revenues, Expenses and Changes in Fund Net Position-Proprietary Funds	18	H
Statement of Cash Flows-Proprietary Funds	19-20	I
Notes to the Financial Statements	22-32	
Required Supplemental Information		Schedule
Budgetary Comparison Schedule-General Fund	34	1
Schedule of Compensation, Benefits and Other Payments to Agency Heads	35	2
Schedule of Findings and Responses	36	
Management's Corrective Action Plan	37	
Status of Prior Year Findings	38	

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

LOUISIANA ATTESTATION QUESTIONNAIRE

September 26, 2017

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

In connection with your compilation of our financial statements as of June 30, 2017 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. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 26, 2017.

PUBLIC BID LAW

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, 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 39:1301-14) or the budget requirements of LSA-RS 39:43.

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, and/or 39:92 as applicable.

Yes No

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

Yes No

MEETINGS

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

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 47:1410.60.

Yes No

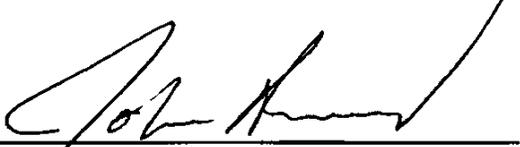
ADVANCES AND BONUSES

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

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. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies 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 this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



John Armand, Mayor

Stephanie Allen, Town Clerk

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

Mr. John Armand, Mayor
Town of Evergreen
Evergreen, LA 71333

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Town of Evergreen and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Evergreen's compliance with certain laws and regulations during the twelve months ended June 30, 2017 included in the accompanying *Louisiana Attestation Questionnaire*.

Management of the Town of Evergreen is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$152,550, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the twelve months ended June 30, 2017, for materials and supplies exceeding \$30,000, or public works exceeding \$152,550.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each Fund member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all Fund members and employees, as well as their immediate families.

A listing of all immediate family members was obtained.

3. Obtain from management a listing of all employees paid during the period under examination.

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

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees paid during the period were included in the listing of immediate family members.

BUDGETING

5. 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.

6. Trace the budget adoption and amendments (if any) to the minutes.

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

7. 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 exceeded budgeted amounts by more than 5% in the General Fund.

ACCOUNTING AND REPORTING

8. Randomly select 11 disbursements made during the period under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee;

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

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

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

- (c) determine whether payments received approval from proper authorities.

All eleven of the payments were properly approved and signed

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Town complied with the open meeting law.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

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

ADVANCES AND BONUSES

11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

No bonuses were paid in the period that would be in violation of state law.

PRIOR COMMENTS AND RECOMMENDATIONS

Our prior year report, dated November 11, 2016, included unresolved matters from the prior year that continue to exist.

We were not engaged to perform, 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

September 26, 2017

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

John Armand, 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, 2017 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 AICPA. 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 report.

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.

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 35 and 36 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.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated September 26, 2017, on the results of our agreed-upon procedures.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
September 26, 2017

BASIC FINANCIAL STATEMENTS

**Town of Evergreen
Statement of Net Position
June 30, 2017**

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 25,953	\$ 318,877	\$ 344,830
Investments	12,099	134,796	146,895
Receivables	3,077	41,926	45,003
Internal balances	29,687	(29,687)	-
Restricted cash and cash equivalents	-	29,036	29,036
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	85,339	1,804,297	1,889,636
Total Assets	<u>156,155</u>	<u>2,313,029</u>	<u>2,469,184</u>
Liabilities			
Accounts payable	2,389	12,416	14,805
Accrued expenses and other payables	2,251	-	2,251
Long-term liabilities	-	-	-
Due within one year	-	-	-
Due in more than one year	-	33,055	33,055
Total Liabilities	<u>4,640</u>	<u>45,471</u>	<u>50,111</u>
Net Position			
Invested in capital assets, net of related debt	85,339	1,781,007	1,866,346
Unrestricted	66,176	486,551	552,727
Total Net Position	<u>\$ 151,515</u>	<u>\$ 2,267,557</u>	<u>\$ 2,419,072</u>

See accompanying notes and independent accountants' review report.

**Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2016**

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	\$ 67,980	\$ 20,771	\$ -	\$ -	\$ (47,209)	\$ -	\$ (47,209)
Public safety	10,728	15,219	-	-	4,491	-	4,491
Total Governmental Activities	<u>78,708</u>	<u>35,990</u>	<u>-</u>	<u>-</u>	<u>(42,718)</u>	<u>-</u>	<u>(42,718)</u>
Business-type Activities							
Water	383,181	275,509	-	53,080	-	(54,592)	(54,592)
Sewer	53,421	25,546	-	-	-	(27,875)	(27,875)
Total Business-type Activities	<u>436,602</u>	<u>301,055</u>	<u>-</u>	<u>53,080</u>	<u>-</u>	<u>(82,467)</u>	<u>(82,467)</u>
Total	<u>\$ 515,310</u>	<u>\$ 337,045</u>	<u>\$ -</u>	<u>\$ 53,080</u>	<u>(42,718)</u>	<u>(82,467)</u>	<u>(125,185)</u>
General Revenues							
Taxes							
Ad valorem taxes					6,302	-	6,302
Franchise and miscellaneous taxes					10,665	-	10,665
Investment earnings					62	659	721
Miscellaneous					-	-	-
Transfers					12,000	(12,000)	-
Total General Revenues and Transfers					<u>29,029</u>	<u>(11,341)</u>	<u>17,688</u>
Change in Net Position					(13,690)	(93,808)	(107,498)
Net Position, Beginning of Year					165,205	2,361,368	2,526,573
Net Position, End of Year					<u>\$ 151,515</u>	<u>\$ 2,267,557</u>	<u>\$ 2,419,072</u>

See accompanying notes and independent accountants' review report.

FUND FINANCIAL STATEMENTS

**Town of Evergreen
Balance Sheet
Governmental Funds
June 30, 2017**

	Exhibit C
	General Fund
Assets	
Cash and cash equivalents	\$ 25,953
Investments	12,099
Receivables	3,077
Due from other funds	29,687
Total Assets	\$ 70,816
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 2,389
Accrued expenses and other payables	2,251
Total Liabilities	4,640
Fund Balance	
Unreserved - Undesignated	66,176
Total Liabilities and Fund Balance	\$ 70,816

See accompanying notes and independent accountants' review report.

**Town of Evergreen
 Reconciliation of the Governmental Funds Balance Sheet to
 the Statement of Net Position
 6/30/2017**

Exhibit D

Fund Balance - Governmental Funds \$ 66,176

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	447,220	
Less - accumulated depreciation	<u>(361,882)</u>	<u>85,339</u>

Total net position of governmental activities at June 30, 2017 **\$ 151,515**

See accompanying notes and independent accountants's review report.

Town of Evergreen
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2017

Exhibit E

**General
Fund**

Revenues	
Taxes	\$ 16,956
Intergovernmental	12
Licenses and permits	14,071
Investment earnings	62
Grant contributions	-
Police Fines	15,219
Other	6,700
Total Revenues	53,019
 Expenditures	
Current	
General government	51,606
Public safety	10,728
Capital outlay	1,386
Total Expenditures	63,719
 Excess of Revenues over Expenditures	 (10,700)
 Other Financing Sources (Uses)	
Transfers in	12,000
Total Other Financing Sources (Uses)	12,000
 Net Change in Fund Balance	 1,300
 Fund Balance, Beginning of Year	 64,876
 Fund Balance, End of Year	 \$ 66,176

See accompanying notes and independent accountants' review report.

Town of Evergreen
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balance to the
Statement of Activities
June 30, 2017

Exhibit F

Net Change in Fund Balance - Governmental Funds **\$ 1,300**

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	1,386	
Less - depreciation reported in the Statement of Activities	<u>(16,376)</u>	<u>(14,990)</u>

Total change in net position at June 30, 2017 per Statement of Activities **\$ (13,690)**

See accompanying notes and independent accountants' report.

**Town of Evergreen
Statement of Net Position
Proprietary Funds
June 30, 2017**

Exhibit G

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 277,384	\$ 41,493	\$ 318,877
Investments	134,796	-	134,796
Receivables	38,232	3,694	41,926
Due from other funds	15,783	-	15,783
Total Current Assets	466,195	45,187	511,382
Noncurrent Assets			
Restricted cash and cash equivalents	29,036	-	29,036
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	2,527,092	1,680,705	4,207,797
Less-accumulated depreciation	(1,637,964)	(755,771)	(2,393,735)
Total Noncurrent Assets	922,183	924,934	1,847,117
Total Assets	1,388,378	970,121	2,358,499
Liabilities			
Current Liabilities			
Accounts payable	10,612	1,805	12,417
Due to other funds	22,734	22,736	45,470
Total Current Liabilities	33,346	24,541	57,887
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	33,055	-	33,055
Total Noncurrent Liabilities	33,055	-	33,055
Total Liabilities	66,401	24,541	90,942
Net Position			
Invested in capital assets, net of related debt	889,128	924,934	1,814,062
Unrestricted	432,850	20,648	453,498
Total Net Position	\$ 1,321,978	\$ 945,582	\$ 2,267,557

See accompanying notes and independent accountants' review report.

Town of Evergreen
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2017

Exhibit H

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Operating Revenues			
Charges for services	\$ 275,509	\$ 25,546	\$ 301,055
Total Operating Revenues	275,509	25,546	301,055
Operating Expenses			
Salaries, wages, and payroll taxes	83,460	646	84,106
Legal and other professional	56,455	3,811	60,266
Chemicals and supplies	15,789	1,812	17,601
Repairs and maintenance	70,672	2,212	72,884
Insurance	29,391	-	29,391
Utilities and telephone	22,264	8,670	30,934
Depreciation	92,688	36,252	128,940
Office expense	5,248	-	5,248
Dues and subscriptions	745	-	745
Vehicle expense	5,237	-	5,237
Other expenses	1,232	17	1,249
Total Operating Expenses	383,181	53,420	436,601
Operating Income (Loss)	(107,672)	(27,874)	(135,546)
Nonoperating Revenues (Expenses)			
Investment earnings	597	62	659
Total Nonoperating Revenues (Expenses)	597	62	659
Loss Before Contributions and Transfers	(107,075)	(27,812)	(134,887)
Capital Contributions			
Capital Grants	53,080	-	53,080
Transfers In (Out)	(12,000)	-	(12,000)
Change in Net Position	(65,995)	(27,812)	(93,807)
Net Position, Beginning of Year	1,387,973	973,395	2,361,368
Net Position, End of Year	\$ 1,321,978	\$ 945,582	\$ 2,267,557

See accompanying notes and independent accountants' review report.

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2017**

**Exhibit I
(Continued)**

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 277,962	\$ 25,629	\$ 303,591
Internal activity - payments to other funds	-	-	-
Payments to vendors and others	(217,406)	(18,002)	(235,408)
Payments to employees	(83,460)	(646)	(84,106)
Net Cash (Used in) Provided by Operating Activities	(22,904)	6,981	(15,923)
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(12,000)	-	(12,000)
Increase/decrease in due to/due from accounts	(186)	-	(186)
Net Cash Used in Noncapital Financing Activities	(12,186)	-	(12,186)
Cash Flows from Capital and Related Financing Activities			
Principal paid on revenue bonds	-	(43,691)	(43,691)
Interest paid on revenue bonds	-	(5,005)	(5,005)
Purchase of capital assets	-	-	-
Net Cash Used in Capital and Related Financing Activities	-	(48,696)	(48,696)
Cash Flows from Investing Activities			
Grant Revenue	53,080	-	53,080
Interest received on operating funds	597	62	659
Miscellaneous income	-	-	-
Purchase/Liquidation of investments	(553)	29,397	28,844
Net Cash (Used in) Provided by Investing Activities	53,124	29,459	82,583
Net Increase (Decrease) in Cash and Cash Equivalents	18,034	(12,256)	5,778
Cash and Cash Equivalents, Beginning of Year	288,387	53,749	342,136
Cash and Cash Equivalents, End of Year	\$ 306,420	\$ 41,493	\$ 347,913

See accompanying notes and independent accountants' report.

**Town of Evergreen
Statement of Cash Flows
Proprietary Funds
June 30, 2017**

**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)	\$ (107,672)	\$ (27,874)	\$ (135,546)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	92,688	36,252	128,940
Changes in assets and liabilities			
Receivables	603	83	686
Accounts payable	(10,373)	(1,480)	(11,853)
Accrued expenses	-	-	-
Customer guaranteed deposits	1,850	-	1,850
	<u>\$ (22,904)</u>	<u>\$ 6,981</u>	<u>\$ (15,923)</u>
Net Cash (Used in) Provided by Operating Activities	<u>\$ (22,904)</u>	<u>\$ 6,981</u>	<u>\$ (15,923)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and cash equivalents	\$ 277,384	\$ 41,493	\$ 318,877
Restricted cash and cash equivalents	29,036	-	29,036
	<u>\$ 306,420</u>	<u>\$ 41,493</u>	<u>\$ 347,913</u>
Cash and Cash Equivalents, End of Year	<u>\$ 306,420</u>	<u>\$ 41,493</u>	<u>\$ 347,913</u>

Additional required disclosure:

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

See accompanying notes and independent accountants' review report.

Notes to Financial Statements

**Town of Evergreen, Louisiana
June 30, 2017**

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, 2017

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, 2017, 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, 2017

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, 2017**

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, 2017, 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, 2017

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, 2017**

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, 2017, the Town had cash and cash equivalents and investments as follows:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equivalents	\$ 25,953	\$ 318,877	\$ 344,830
Investments	12,099	134,796	146,895
Restricted cash and cash equivalents	-	29,036	29,036
Restricted investments	-	4,019	4,019
	<u>\$ 38,052</u>	<u>\$ 486,728</u>	<u>\$ 524,780</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, 2017, the Town's bank balance of \$528,029 was not exposed to custodial credit risk in that \$528,029 was insured by the FDIC insurance and securities pledged by the financial institution.

**Town of Evergreen, Louisiana
June 30, 2017**

Notes to Financial Statements

3. Receivables

Receivables as shown in the Statement of Net Assets, at June 30, 2017, consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Customer utility accounts			
Uncollected cycle billings	\$ -	\$ 32,012	\$ 32,012
Estimated billings between cycles	-	7,797	7,797
Grant receivable		2,117	2,117
Taxes and Licenses	1,927	-	1,927
Intergovernmental			
Grass cutting	1,150	-	1,150
	<u>\$ 3,077</u>	<u>\$ 41,926</u>	<u>\$ 45,003</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, 2017, 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, 2017, consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 29,687	\$ -
Water System Fund	15,783	22,734
Sewer System Fund		22,736
	<u>\$ 45,470</u>	<u>\$ 45,470</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, 2017, 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, 2017**

Notes to Financial Statements

5. Restricted Assets

At June 30, 2017, 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	\$ 33,055	\$ -	\$ 33,055
Revenue bonds debt service and accrued interest	-	-	-
	\$ 33,055	\$ -	\$ 33,055

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities				
Other Capital Assets				
Buildings and improvements	\$ 242,891	\$ 1,385	\$ -	\$ 244,276
Machinery and equipment	139,218	-	-	139,218
Vehicles	<u>63,727</u>	-	-	<u>63,727</u>
Total Other Capital Assets	445,836	1,385	-	447,221
Accumulated Depreciation				
Buildings and improvements	(177,628)	(8,059)	-	(185,687)
Machinery and equipment	(120,536)	(4,447)	-	(124,983)
Vehicles	<u>(47,343)</u>	<u>(3,868)</u>	-	<u>(51,211)</u>
Total Accumulated Depreciation	<u>(345,507)</u>	<u>(16,374)</u>	-	<u>(361,881)</u>
Other Capital Assets, Net	<u>100,329</u>	<u>(14,989)</u>	-	<u>85,339</u>
Capital Assets, Net	<u>\$ 100,329</u>	<u>\$ (14,989)</u>	<u>\$ -</u>	<u>\$ 85,339</u>

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 16,376

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, 2017

Notes to Financial Statements

6. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-type Activities				
Assets not Being Depreciated				
Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in progress	-	-	-	-
Total Assets not Being Depreciated	<u>9,765</u>	<u>-</u>	<u>-</u>	<u>9,765</u>
Other Capital Assets				
Plant and system	4,066,534	-	-	4,066,534
Buildings	7,015	-	-	7,015
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	57,155	-	-	57,155
Vehicles	<u>65,087</u>	<u>-</u>	<u>-</u>	<u>65,087</u>
Total Other Capital Assets	<u>4,198,032</u>	<u>0</u>	<u>-</u>	<u>4,198,032</u>
Accumulated Depreciation				
Plant and system	(2,130,870)	(125,285)	-	(2,256,155)
Buildings	(1,366)	(1,002)	-	(2,368)
Furniture and fixtures	(2,241)	-	-	(2,241)
Machinery and equipment	(65,558)	(2,325)	-	(67,883)
Vehicles	<u>(64,760)</u>	<u>(328)</u>	<u>-</u>	<u>(65,088)</u>
Total Accumulated Depreciation	<u>(2,264,795)</u>	<u>(128,940)</u>	<u>-</u>	<u>(2,393,735)</u>
Other Capital Assets, Net	<u>1,933,237</u>	<u>(128,940)</u>	<u>-</u>	<u>1,804,297</u>
Capital Assets, Net	<u>\$ 1,943,002</u>	<u>\$ (128,940)</u>	<u>\$ -</u>	<u>\$ 1,814,062</u>

Depreciation was charged to functions as follows:

Business-type Activities	
Water	\$ 92,688
Sewer	<u>36,252</u>
Total Depreciation Expense for Business-type Activities	<u>\$ 128,940</u>

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, 2017**

Notes to Financial Statements

7. Long-Term Debt

The Town's long-term debt consists of utility revenue bonds whereby the Town pledges income derived from the acquired or constructed assets to pay debt service and customer guaranteed deposits. This long-term debt is reported in the business-type activities.

A summary of long-term debt, as of June 30, 2017, follows:

	Maturity Dates	Interest Rates	Business-type Activities
Business-type Activities			
Enterprise Funds			
Customer guaranteed deposits			33,055
Totals			33,055
Current portion			0
Totals			\$ 33,055

During the year ended June 30, 2017, the following changes occurred in business-type activities long-term liabilities:

	Balance 07/01/2016	Additions	(Reductions)	Balance 06/30/2017
Business-type Activities Long-term Debt				
Revenue bonds	\$ 43,691	\$ -	\$ (43,691)	\$ 0
Customer guaranteed deposits	31,205	1,850	-	33,055
Totals	\$ 74,896	\$ 1,850	\$ (43,691)	\$ 33,055

During the year ended June 30, 2017, the Town paid the 1983 Sewer Revenue Bonds in full. The remainder of the funds in the Bond Sinking Fund were transferred to the Sewer Operating account to be used for operations. The Reserve and Contingency funds remain on deposit for future use of Sewer Improvement Projects.

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, 2017, taxes of 6.30 mills were levied on property with assessed values totaling \$1,020,120.

**Town of Evergreen, Louisiana
June 30, 2017**

Notes to Financial Statements

9. 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, 2017.

Mayor John Armand	\$ 5,200
Board of Aldermen	
Wanda Clark	1,300
Kathy Joffrion	1,100
Sarah Riche	1,000
Roxanne Riche	1,100
Levi Phillips	800

10. 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, 2017.

11. Commitments and Contingencies

On February 1, 2017, the Town entered into a construction contract with Trek, Inc. in the amount of \$528,472 for the installation of approximately 13,900 L.F. of 6" pvc water main, 20,800 L.F. of 4" pvc water main and related appurtenances for Water System Improvements and Water Main Replacement in Dora Bend. This project is to be funded by a Louisiana Community Development Block Grant from the State of Louisiana Division of Administration in the amount of \$790,200. As of the end of June 30, 2017, a total of \$53,080 had been received and expended on this project.

REQUIRED SUPPLEMENTAL INFORMATION

**Town of Evergreen
Budgetary Comparison Schedule
General Fund
June 30, 2017**

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Taxes	\$ 17,500	\$ 17,550	\$ 16,956	\$ (594)
Intergovernmental	25	15	12	(3)
Licenses and permits	14,000	14,500	14,071	(429)
Investment earnings	75	60	62	2
Grant contributions	-	-	-	-
Police Fines	-	-	15,219	15,219
Other	7,300	7,100	6,700	(400)
Total Revenues	<u>38,900</u>	<u>39,225</u>	<u>53,019</u>	<u>13,794</u>
Expenditures				
Current				
General government	37,300	43,065	51,606	(8,541)
Public safety	18,000	18,000	12,113	5,887
Total Expenditures	<u>55,300</u>	<u>61,065</u>	<u>63,719</u>	<u>(2,654)</u>
Excess (Deficiency) of Revenues over Expenditures	(16,400)	(21,840)	(10,700)	11,140
Other Financing Sources				
Transfers in	12,000	12,000	12,000	-
Net Change in Fund Balance	(4,400)	(9,840)	1,300	11,140
Fund Balance, Beginning of Year	64,876	64,876	64,876	-
Fund Balance, End of Year	<u>\$ 60,476</u>	<u>\$ 55,036</u>	<u>\$ 66,176</u>	<u>\$ 11,140</u>

See accompanying notes and independent accountants' review report.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2017**

Finding 2017-01 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 2017-02 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, 2017**

Finding 2017-01 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 2017-02 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, 2017**

Finding 2016-01 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 2017-01.

Finding 2016-02 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 2017-02.