

Town of Evergreen

**Annual Financial Statements
As of and for the Year Ended
June 30, 2023**

DUCOTE & COMPANY

Certified Public Accountants

219 North Washington Street

P. O. Box 309

Marksville, LA 71351

**TOWN OF EVERGREEN
EVERGREEN, LOUISIANA
June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and of each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Town of Evergreen's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Town of Evergreen as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Evergreen, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Evergreen's control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Evergreen's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary information

Management is responsible for the other information included in the annual report. The other supplementary information comprises the schedule of compensation, benefits and other payments to agency heads on pages 36 but does not include the basic financial statements and or auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Town of Evergreen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Evergreen's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Evergreen's internal control over financial reporting and compliance.

DUCOTE & COMPANY

Marksville, Louisiana

December 20, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Evergreen, Louisiana
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 14,851	\$ 166,372	\$ 181,223
Investments	12,488	242,968	255,456
Receivables	1,645	59,939	61,585
Internal balances	22,828	(22,828)	-
Restricted cash and cash equivalents	-	63,222	63,222
Restricted investments	-	4,019	4,019
Capital assets:			
Nondepreciable capital assets	68,847	91,433	160,280
Depreciable capital assets, net	31,560	2,086,650	2,118,210
Total Assets	<u>152,219</u>	<u>2,691,775</u>	<u>2,843,995</u>
Liabilities			
Accounts payable	-	9,107	9,107
Accrued expenses and other payables	7,825	2,359	10,184
Long-term liabilities			
Due within one year	-	22,000	22,000
Due in more than one year	-	405,049	405,049
Total Liabilities	<u>7,825</u>	<u>438,515</u>	<u>446,340</u>
Net Position			
Invested in capital assets, net of related debt	100,407	1,797,083	1,897,490
Unrestricted	43,987	456,177	500,164
Total Net Position	<u>\$ 144,394</u>	<u>\$ 2,253,260</u>	<u>\$ 2,397,654</u>

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

**Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2023**

	<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	\$ 111,665	\$ 17,352	\$ 14,418	\$ 29,680	\$ (50,215)	\$ -	\$ (50,215)
Public safety	-	36,334	-	-	36,334	-	36,334
Total Governmental Activities	<u>111,665</u>	<u>53,686</u>	<u>14,418</u>	<u>29,680</u>	<u>(13,881)</u>	<u>-</u>	<u>(13,881)</u>
Business-type Activities							
Water	468,452	386,191	-	6,750	-	(75,511)	(75,511)
Sewer	64,618	26,447	-	10,000	-	(28,171)	(28,171)
Total Business-type Activities	<u>533,070</u>	<u>412,638</u>	<u>-</u>	<u>16,750</u>	<u>-</u>	<u>(103,682)</u>	<u>(103,682)</u>
Total	<u>\$ 644,735</u>	<u>\$ 466,324</u>	<u>\$ 14,418</u>	<u>\$ 46,430</u>	<u>(13,881)</u>	<u>(103,682)</u>	<u>(117,563)</u>
General Revenues							
Taxes							
Ad valorem taxes					6,425	-	6,425
Franchise and miscellaneous taxes					11,380	-	11,380
Grants and contributions not restricted to specific programs -							
Federal sources					-	53,346	53,346
Investment earnings					40	1,159	1,199
Transfers					<u>17,218</u>	<u>(17,218)</u>	<u>-</u>
Total General Revenues and Transfers					<u>35,063</u>	<u>37,287</u>	<u>72,350</u>
Change in Net Position					21,182	(66,395)	(45,214)
Net Position, Beginning of Year					<u>123,212</u>	<u>2,319,655</u>	<u>2,442,867</u>
Net Position, End of Year					<u>\$ 144,394</u>	<u>\$ 2,253,260</u>	<u>\$ 2,397,654</u>

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

FUND FINANCIAL STATEMENTS

**Town of Evergreen, Louisiana
Balance Sheet
Governmental Funds
June 30, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 14,846	5	\$ 14,851
Investments	12,488	-	12,488
Receivables	1,645	-	1,645
Due from other funds	<u>22,828</u>	<u>-</u>	<u>22,828</u>
Total Assets	<u><u>\$ 51,807</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 51,812</u></u>
Liabilities and Fund Balance			
Liabilities			
Accrued expenses and other payables	<u>\$ 7,825</u>	<u>\$ -</u>	<u>\$ 7,825</u>
Fund Balance			
Unassigned	<u>43,982</u>	<u>5</u>	<u>43,987</u>
Total Liabilities and Fund Balance	<u><u>\$ 51,807</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 51,812</u></u>

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

**Town of Evergreen, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet to
 the Statement of Net Position
 June 30, 2023**

Fund Balance - Governmental Funds **\$ 43,987**

**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	543,459	
Less - accumulated depreciation	<u>(443,052)</u>	<u>100,407</u>

Total net position of governmental activities at June 30, 2023 **\$ 144,394**

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

Town of Evergreen, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 17,805	\$ -	\$ 17,805
Intergovernmental	14,453	-	14,453
Licenses and permits	11,283	-	11,283
Investment earnings	40	-	40
Grant contributions	-	29,680	29,680
Police Fines	36,334	-	36,334
Other	6,035	-	6,035
Total Revenues	<u>85,950</u>	<u>29,680</u>	<u>115,630</u>
Expenditures			
Current			
General government	103,370	-	103,370
Public safety	-	-	-
Capital outlay	17,053	29,680	46,733
Total Expenditures	<u>120,423</u>	<u>29,680</u>	<u>150,104</u>
Excess of Revenues over Expenditures	(34,473)	-	(34,473)
Other Financing Sources (Uses)			
Transfers in	17,218	-	17,218
Total Other Financing Sources (Uses)	<u>17,218</u>	<u>-</u>	<u>17,218</u>
Net Change in Fund Balance	(17,255)	-	(17,255)
Fund Balance, Beginning of Year	<u>61,237</u>	<u>5</u>	<u>61,242</u>
Fund Balance, End of Year	<u>\$ 43,982</u>	<u>\$ 5</u>	<u>\$ 43,987</u>

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

**Town of Evergreen, Louisiana
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balance to the
Statement of Activities
June 30, 2023**

Net Change in Fund Balance - Governmental Funds **\$ (17,255)**

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	46,732	
Less - depreciation reported in the Statement of Activities	<u>(8,295)</u>	<u>38,437</u>

Total change in net position at June 30, 2023 per Statement of Activities **\$ 21,182**

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

Town of Evergreen, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds		Total
	Water System Fund	Sewer System Fund	
Assets			
Current Assets			
Cash and cash equivalents	\$ 157,085	\$ 9,287	\$ 166,372
Investments	242,968	-	242,968
Receivables	43,835	16,104	59,939
Due from other funds	-	-	-
Total Current Assets	443,888	25,391	469,279
Noncurrent Assets			
Restricted cash and cash equivalents	63,222	-	63,222
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	3,742,354	1,712,909	5,455,263
Less-accumulated depreciation	(2,311,267)	(965,913)	(3,277,180)
Total Noncurrent Assets	1,498,328	746,996	2,245,324
Total Assets	1,942,216	772,387	2,714,603
Liabilities			
Current Liabilities			
Accounts payable	9,107	-	9,107
Due to other funds	(540)	23,368	22,828
Liabilities payable from restricted assets			
Accrued interest payable	2,359	-	2,359
Revenue bonds payable	22,000	-	22,000
Total Current Liabilities	32,926	23,368	56,294
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	46,049	-	46,049
Revenue bonds payable	359,000	-	359,000
Total Noncurrent Liabilities	405,049	-	405,049
Total Liabilities	437,975	23,368	461,343
Net Position			
Invested in capital assets, net of related debt	1,050,087	746,996	1,797,083
Unrestricted	454,154	2,023	456,177
Total Net Position	\$ 1,504,241	\$ 749,019	\$ 2,253,260

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

Town of Evergreen, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Operating Revenues			
Charges for services	\$ 386,191	\$ 26,447	\$ 412,638
Total Operating Revenues	<u>386,191</u>	<u>26,447</u>	<u>412,638</u>
Operating Expenses			
Salaries, wages, and payroll taxes	137,949	646	138,595
Legal and other professional	17,541	6,526	24,067
Chemicals and supplies	63,853	4,497	68,350
Repairs and maintenance	58,364	5,736	64,100
Insurance	22,704	-	22,704
Utilities and telephone	33,434	11,192	44,626
Depreciation	105,934	35,421	141,355
Office expense	5,573	-	5,573
Dues and subscriptions	2,286	-	2,286
Vehicle expense	6,447	-	6,447
Other expenses	1,529	600	2,129
Total Operating Expenses	<u>455,614</u>	<u>64,618</u>	<u>520,232</u>
Operating Income (Loss)	<u>(69,423)</u>	<u>(38,171)</u>	<u>(107,594)</u>
Nonoperating Revenues (Expenses)			
Investment earnings	1,159	-	1,159
Grant revenues	53,346	-	53,346
Interest expense	(12,838)	-	(12,838)
Total Nonoperating Revenues (Expenses)	<u>41,667</u>	<u>-</u>	<u>41,667</u>
Loss Before Contributions and Transfers	<u>(27,756)</u>	<u>(38,171)</u>	<u>(65,927)</u>
Capital Contributions			
Capital Grants	6,750	10,000	16,750
Transfers In (Out)	<u>(17,034)</u>	<u>(184)</u>	<u>(17,218)</u>
Change in Net Position	<u>(38,040)</u>	<u>(28,355)</u>	<u>(66,395)</u>
Net Position, Beginning of Year,	<u>1,542,281</u>	<u>777,374</u>	<u>2,319,655</u>
Net Position, End of Year	<u>\$ 1,504,241</u>	<u>\$ 749,019</u>	<u>\$ 2,253,260</u>

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

Town of Evergreen, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 392,910	\$ 15,204	\$ 408,114
Payments to vendors and others	(209,206)	(28,370)	(237,576)
Payments to employees	(137,949)	(646)	(138,595)
Net Cash (Used in) Provided by Operating Activities	<u>45,755</u>	<u>(13,812)</u>	<u>31,943</u>
Cash Flows from Noncapital Financing Activities			
Cash transferred to other funds	<u>(17,034)</u>	<u>(184)</u>	<u>(17,218)</u>
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(17,034)</u>	<u>(184)</u>	<u>(17,218)</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(486,036)	(3,800)	(489,836)
Principal paid on revenue bonds	(19,000)	-	(19,000)
Proceeds from grants	60,096	10,000	70,096
Interest paid on revenue bonds	(12,838)	-	(12,838)
Net Cash Used in Capital and Related Financing Activities	<u>(457,778)</u>	<u>6,200</u>	<u>(451,578)</u>
Cash Flows from Investing Activities			
Interest received on operating funds	<u>1,159</u>	<u>-</u>	<u>1,159</u>
Net Cash (Used in) Provided by Investing Activities	<u>1,159</u>	<u>-</u>	<u>1,159</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(427,898)	(7,796)	(435,694)
Cash and Cash Equivalents, Beginning of Year	<u>648,205</u>	<u>17,083</u>	<u>665,288</u>
Cash and Cash Equivalents, End of Year	<u>\$ 220,307</u>	<u>\$ 9,287</u>	<u>\$ 229,593</u>

(Continued)

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

Town of Evergreen, Louisiana
Statement of Cash Flows (continued)
Proprietary Funds
June 30, 2023

(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)	\$ (69,423)	\$ (38,171)	\$ (107,594)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	105,934	35,421	141,355
Changes in assets and liabilities			
Receivables	2,113	(11,243)	(9,130)
Accounts and other payables	7,131	181	7,312
Accrued expenses	-	-	-
Customer guaranteed deposits	-	-	-
Net Cash (Used in) Provided by Operating Activities	\$ 45,755	\$ (13,812)	\$ 31,943
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 199,144	\$ 17,083	\$ 216,227
Cash and cash equivalents - restricted	449,061	-	449,061
Total cash and cash equivalents, beginning of period	648,205	17,083	665,288
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	157,085	9,287	166,372
Cash and cash equivalents - restricted	63,222	-	63,222
Total cash and cash equivalents, end of period	220,307	9,287	229,594
Net increase (decrease) in cash and cash equivalents	\$ (427,898)	\$ (7,796)	\$ (435,694)

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

NOTES TO FINANCIAL STATEMENTS

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies

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

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

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

Government - Wide Financial Statements

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The Statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds, each of which is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- A. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- B. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds –

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Proprietary Funds – Proprietary Funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows.

Enterprise Funds

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

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.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

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 position is 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, 2023, the Town has no nonmajor funds.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues, expenditures, expenses, and transfers – and assets, deferred outflows of resources, liabilities, deferred inflows of resources – are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial statements” measurement focus of the “economic resources” focus is used as appropriate:

1. All governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded as a liability when incurred or when the economic asset is used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Town's taxpayer's of citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identifiable by function and is included in direct expense of each function.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

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.

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, 2023, the Town considers all accounts collectible, and an allowance for doubtful accounts, if any, would be immaterial.

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.

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
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at acquisition costs or estimated costs if acquisition costs is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the time of donation.

The Town maintains a threshold of \$500 or more for capitalizing 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical costs.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, which accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives by type of asset as follows:

Lines and other system installations	10-50 years
Vehicles and movable equipment	5-25 years
Buildings and improvements	10-60 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations of proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The Town's long-term obligations consists of revenue bonds payables.

Long -term obligations for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term obligations is the same in the fund financial statements as it is in the government-wide statements.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period and this, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components as applicable: The components are as follows:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred outflows of resources related to the restricted asset.
- c. Unrestricted - All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows:

- a) *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.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

- b) *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.
- c) *Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the Town.
- d) *Assigned fund balance* – amounts that are constrained by the Fund's intent that they will be used for specific purpose.
- e) *Unassigned fund balance* - all other amounts not included in the other spendable classifications.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considered restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

Proprietary fund equity is classified the same as government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Ad Valorem Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Property tax revenues are recognized when levied to the extent they result in current receivables.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies (continued)

In the fund financial statements, expenditures are classified as follows:

- Governmental funds – By function
- Proprietary Funds – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses related to use of economic resources.

Revenue Restrictions

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

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

Under state law, the Clerk of Court may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The clerk may invest in United States bonds, treasury notes or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana

At, June 30, 2023, the Town had cash and cash equivalents and investments as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 14,851	\$ 166,372	\$ 181,223
Investments	12,488	242,968	255,456
Restricted cash and cash equivalents	-	63,222	63,222
Restricted investments	-	4,019	4,019
	<u>\$ 27,339</u>	<u>\$ 476,581</u>	<u>\$ 503,920</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

2. Cash and Cash Equivalents and Investments (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The Town does not have a policy to monitor or attempt to reduce exposure to custodial credit risk or to limit the allowable deposits or investments. At June 30, 2023, bank balances in the amount of \$42,128 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution, or pledging institution's trust department or agent, but not in the Clerk of Court's name.

3. Restricted Assets – Proprietary Fund Type

Restricted assets in the amount of \$67,241 consisted of customer deposit funds and bond sinking fund amount.

4. Receivables

Receivables as shown in the Statement of Position, at June 30, 2023, consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Customer utility account			
Uncollected cycle billings	\$ -	\$ 59,939	\$ 59,939
Taxes and Licenses	1,654	-	4,119
	<u>\$ 1,654</u>	<u>\$ 59,939</u>	<u>\$ 61,585</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, 2023, as such amounts are immaterial.

5. Due From/To Other Funds and Transfers

Amounts due from and to other funds as reported in the Fund Financial Statements, at June 30, 2023, consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 22,828	\$ -
Water System Fund	-	23,368
Sewer System Fund	540	-
	<u>\$ 23,368</u>	<u>\$ 23,368</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
Notes to Basic Financial Statements

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities				
Assets not Being Depreciated				
Construction in Progress	\$ 27,850	\$ 40,997	\$ -	\$ 68,847
Other capital assets				-
Building and improvements	252,236	5,735	-	257,971
Machinery and equipment	152,914	-	-	152,914
Vehicles	63,727	-	-	63,727
Total capital assets, being depreciated	<u>468,877</u>	<u>5,735</u>	<u>-</u>	<u>474,612</u>
Less accumulated depreciation				
Building and improvements	(225,836)	(5,386)	-	(231,222)
Machinery and equipment	(145,833)	(2,359)	-	(148,192)
Vehicles	(63,088)	(550)	-	(63,638)
Total Accumulated Depreciation	<u>(434,757)</u>	<u>(8,295)</u>	<u>-</u>	<u>(443,052)</u>
Total capital assets, being depreciated, net	<u>34,120</u>	<u>(2,560)</u>	<u>-</u>	<u>31,560</u>
Governmental activities, capital assets, net	<u>\$ 61,970</u>	<u>\$ 38,437</u>	<u>\$ -</u>	<u>\$ 100,407</u>

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 8,295

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

6. Capital Assets and Depreciation (continued)

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in Progress	15,663	80,298	(14,293)	81,668
Total capital assets not being depreciation	<u>25,428</u>	<u>80,298</u>	<u>(14,293)</u>	<u>91,433</u>
Other capital assets				
Plant and system	4,778,785	392,221	-	5,171,006
Buildings	10,415	19,964	-	30,379
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	82,098	11,645	-	93,743
Vehicles	66,460	-	-	66,460
Total capital assets, being depreciated	<u>4,939,999</u>	<u>423,830</u>	<u>-</u>	<u>5,363,829</u>
Less accumulated depreciation				
Plant and system	(2,991,023)	(134,609)	-	(3,125,632)
Buildings	(7,912)	(539)	-	(8,451)
Furniture and fixtures	(2,241)	(130)	-	(2,371)
Machinery and equipment	(78,737)	(1,858)	-	(80,595)
Vehicles	(55,911)	(4,219)	-	(60,130)
Total accumulated depreciation	<u>(3,135,824)</u>	<u>(141,355)</u>	<u>-</u>	<u>(3,277,179)</u>
Total capital assets, being depreciated, net	<u>1,804,175</u>	<u>282,475</u>	<u>-</u>	<u>2,086,650</u>
Business-type activities, capital assets, net	<u>\$ 1,829,603</u>	<u>\$ 362,773</u>	<u>\$ (14,293)</u>	<u>\$ 2,178,083</u>

Depreciation was charged to functions as follows:

Business-type Activities	
Water	\$ 105,934
Sewer	35,421
Total Depreciation Expense for Business-type Activities	<u>\$ 141,355</u>

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

7. Long-Term Liabilities

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

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
Business-type Activities:					
Water Revenue Bonds	\$ 400,000	\$ -	\$ 19,000	\$ 381,000	\$ 22,000

Water Revenue Bonds

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

The bonds are scheduled to mature as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,000	13,357
2025	23,000	12,730
2026	24,000	12,051
2027	24,000	11,319
2028	25,000	10,563
2029-2033	137,000	39,535
2034-2037	126,000	12,320
Total	<u>\$ 381,000</u>	<u>\$ 111,875</u>

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

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

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

Town of Evergreen, Louisiana
Notes to Basic Financial Statements

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

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

9. Ad Valorem Taxes

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

For the year ended June 30, 2023, taxes of 6.30 mills were levied on property with assessed values totaling \$1,019,841 for a total assessment of \$6,425.

10. Compensation of Elected Officials

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and the Board of Aldermen, for the fiscal year ended June 30, 2023

Mayor Wanda Clark	\$ 4,800
Board of Aldermen	
Kathy Joffrion	1,350
Shelby Riche	500
Kathy Lemoine	1,125
Wade Reason	1,350
Stephani James	500
Elizabeth Mayeaux	625

Town of Evergreen, Louisiana

Notes to Basic Financial Statements

11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

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

The Town has not been named as a defendant in any lawsuits as of June 30, 2023.

REQUIRED SUPPLEMENTAL INFORMATION

**Town of Evergreen, Louisiana
Budgetary Comparison Schedule
General Fund**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 16,500	\$ 18,250	\$ 17,805	\$ (445)
Intergovernmental	17,350	14,460	14,453	(7)
Licenses and permits	12,500	12,000	11,283	(717)
Investment earnings	25	40	40	-
Police Fines	35,000	36,500	36,334	(166)
Other	5,625	5,570	6,035	465
Total Revenues	<u>87,000</u>	<u>86,820</u>	<u>85,950</u>	<u>(870)</u>
Expenditures				
Current				
General government	88,775	105,315	103,370	1,945
Public safety	-	-	-	-
Capital outlay	-	17,053	17,053	-
Total Expenditures	<u>88,775</u>	<u>122,368</u>	<u>120,423</u>	<u>1,945</u>
Excess (Deficiency) of Revenues over Expenditures	(1,775)	(35,548)	(34,473)	1,075
Other Financing Sources				
Transfers in	17,500	17,500	17,218	(282)
Net Change in Fund Balance	15,725	(18,048)	(17,255)	793
Fund Balance, Beginning of Year	61,237	61,237	61,237	-
Fund Balance, End of Year	<u>\$ 76,962</u>	<u>\$ 43,189</u>	<u>\$ 43,982</u>	<u>\$ 793</u>

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

Town of Evergreen, Louisiana
Notes to Budgetary Comparison Schedules
June 30, 2023

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.

OTHER SUPPLEMENTARY INFORMATION

Town of Evergreen, Louisiana

**Schedule of Compensation, Benefits, and Other Payments to Agency Heads
June 30, 2023**

Agency Head: Wanda Clark

<u>Purpose</u>	<u>Amount</u>
Salary & Benefits	\$4,800
Travel	<u>128</u>
Total	<u>\$4,928</u>

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Evergreen, Louisiana's basic financial statements and have issued our report thereon dated December 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Evergreen, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Evergreen's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies, and therefore, the material weaknesses or significant deficiencies may exist that had not been identified. We identified a deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a significant deficiency identified as item 2023-01 and 2023-02.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Evergreen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Evergreen, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

DUCOTE & COMPANY

Marksville, Louisiana

December 20, 2023

**TOWN OF EVERGREEN, LOUISIANA
Summary of Findings, and Responses
For the Year Ended June 30, 2023**

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?	_____yes	___x___no

Federal Awards

Not applicable for the fiscal year ended June 30, 2023.

Section II-Financial Statement Findings

There are two findings relative to internal control labeled 2023-01 and 2023-02 as discussed in detail in Section IV, which is the same comment labeled 2022-01 and 2022-02 in the prior year report.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2023.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2023**

Finding 2023-01 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. The effect is financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

Recommendation: Due to the size of the operation and the cost-benefit of establishing enhanced internal control over financial statement preparation, it may not be feasible to enhance these controls.

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

Finding 2023-02 Segregation of Duties

Criteria: *Internal Control* is a process – effected by those charged with governance, management and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town of Evergreen's internal control over financial reporting include those policies and procedures that pertain to the Town of Evergreen's ability to record, process, summarize and report financial data consistent with the assertions embodied in the financial statements.

Condition and Context: Accounting and financial functions are not adequately segregated.

Cause and Effect: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control. The effect is a failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregations of duties.

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

**Town of Evergreen, Louisiana
Management's Corrective Action Plan
Year Ended June 30, 2023**

Finding 2023-01 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: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregations of duties.

Action taken: No action is necessary.

Finding 2023-02 Segregation of Duties

Condition and Context: Accounting and financial functions are not adequately segregated.

Recommendation: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregations of duties.

Action taken: No action is necessary.

**Town of Evergreen, Louisiana
Status of Prior Year Findings
Year Ended June 30, 2023**

Finding 2022-01 Financial Statement Preparation

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

Current Status: Unresolved. See Finding 2023-01.

Finding 2022-02 Segregation of Duties

Condition and Context: Accounting and financial functions are not adequately segregated.

Current Status: Unresolved. See Finding 2023-02.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Town of Evergreen and the Louisiana Legislative Auditor (LLA's) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town of Evergreen has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those*

entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

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

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another

- employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance

- with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

14) Prevention of Sexual Harassment

26. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings:

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

Written policies

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

Bank Reconciliations

There is no documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Prevention of Sexual Harassment

Documentation of sexual harassment training was unable to be obtained for four out of five randomly selected employees/officials.

Management Response:

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

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

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

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

DUCOTE & COMPANY

Marksville, Louisiana
December 20, 2023