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**TOWN OF EVERGREEN
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 1998**

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Release Date ~~FEB 17 1999~~

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

**TOWN OF EVERGREEN, LOUISIANA
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INDEPENDENT AUDITORS' REPORT

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general-purpose financial statements of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Evergreen, Louisiana, at June 30, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 1998, on our consideration of the Town of Evergreen, Louisiana's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as supplementary data in the table of contents is presented for purpose of additional analysis and is not a required part of the financial statements of the Town of Evergreen, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account group, taken as a whole.

DUCOTE & COMPANY
Marksville, Louisiana
December 8, 1998

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the general purpose, financial statements of the Town of Evergreen, Louisiana, for the year ended June 30, 1998, and have issued our report thereon dated December 8, 1998. We have conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Evergreen's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal over financial reporting would not necessarily disclose all *matters in the internal control over financial reporting that might be material weaknesses*. A material weakness is a condition in which the design or operating of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Evergreen, Louisiana, in a separate letter dated December 8, 1998 and in the accompanying Schedule of Corrective Action Plan for Current Year Audit Findings.

This report is intended for the information and use of the Board of Aldermen and management of the Town of Evergreen, Louisiana, and for filing with the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

DUCOTE & COMPANY
Marksville, Louisiana
December 8, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

**TOWN OF EVERGREEN, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Funds</u>	<u>General Fixed Asset Group</u>	<u>Memorandum Only Current Year</u>
ASSETS					
Cash and cash equivalents	\$63,053	\$3,596	\$98,196	\$0	\$164,845
Investments	7,790	0	78,469	0	86,259
Receivables:					0
Property taxes	671	0	0	0	671
Franchise taxes	1,855	0	0	0	1,855
Grant proceeds	10,500	0	0	0	10,500
Accounts receivable	0	0	13,615	0	13,615
Due from other funds	518	0	16,291	0	16,809
Due from other govt. units	9,272	0	0	0	9,272
Restricted Assets:					0
Cash and cash equivalents	0	0	28,115	0	28,115
Investments	0	0	26,486	0	26,486
Land	0	0	9,765	950	10,715
Park and improvements	0	0	0	45,328	45,328
Buildings	0	0	0	56,300	56,300
Machinery and equipment	0	0	0	27,676	27,676
Vehicles	0	0	0	35,000	35,000
Property, plant and equipment	0	0	2,278,339	0	2,278,339
Accumulated depreciation	0	0	(599,990)	0	(599,990)
TOTAL ASSETS	\$93,660	\$3,596	\$1,949,285	\$165,254	\$2,211,795

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

**TOWN OF EVERGREEN, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
JUNE 30, 1998**

	General Fund	Special Revenue Fund	Enterprise Funds	General Fixed Asset Group	Memorandum Only Current Year
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$6,355	\$0	\$6,130	\$0	\$12,485
Payroll taxes payable	64	0	1,047	0	1,111
Sales tax payable	0	0	364	0	364
Payable from restricted assets:					
Customer security deposits	0	0	11,779	0	11,779
Revenue bonds payable - current	0	0	2,000	0	2,000
Accrued interest	0	0	4,790	0	4,790
Due to other funds	10,542	2,800	3,467	0	16,809
Revenue bonds payable	0	0	102,691	0	102,691
TOTAL LIABILITIES	16,961	2,800	132,267	0	152,028
FUND EQUITY					
Contributed capital	0	0	1,500,753	0	1,500,753
Investments in General Fixed Assets	0	0	0	165,254	165,254
Retained Earnings:					
Unreserved	0	0	280,233	0	280,233
Reserved for revenue bond retirement	0	0	36,031	0	36,031
Fund Balances:					
Unreserved-designated	0	796	0	0	796
Unreserved-undesignated	76,699	0	0	0	76,699
TOTAL FUND EQUITY	76,699	796	1,817,017	165,254	2,059,766
TOTAL LIABILITIES AND FUND EQUITY	\$93,660	\$3,596	\$1,949,285	\$165,254	\$2,211,795

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

**TOWN OF EVERGREEN, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1998**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Memorandum Only Current Year</u>
REVENUES			
Taxes	\$11,399	\$0	\$11,399
Licenses and permits	10,923	0	10,923
Intergovernmental	40,177	12,880	53,056
Miscellaneous	12,655	0	12,655
TOTAL REVENUES	<u>75,153</u>	<u>12,880</u>	<u>88,033</u>
EXPENDITURES			
General government	27,596	0	27,596
Public safety	3,787	4,028	7,816
Capital outlay	44,893	0	44,893
TOTAL EXPENDITURES	<u>76,277</u>	<u>4,028</u>	<u>80,305</u>
Excess (deficiency) of revenues over expenditures	<u>(1,123)</u>	<u>8,851</u>	<u>7,728</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>77,822</u>	<u>(8,055)</u>	<u>69,767</u>
FUND BALANCES AT END OF YEAR	<u>\$76,699</u>	<u>\$796</u>	<u>\$77,495</u>

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

TOWN OF EVERGREEN, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED JUNE 30, 1998

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (unfavorable)	Budget	Actual	Variance Favorable (unfavorable)
REVENUES						
Taxes	\$9,400	\$11,399	\$1,999	\$0	\$0	\$0
Licenses and permits	10,000	10,923	923	0	0	0
Intergovernmental	29,800	40,177	10,377	12,000	12,880	880
Miscellaneous	1,800	12,655	10,855	0	0	0
TOTAL REVENUES	51,000	75,153	24,153	12,000	12,880	880
EXPENDITURES						
General government	24,065	27,596	(3,531)	0	0	0
Public safety	5,135	3,787	1,348	12,000	4,028	7,972
Capital outlay	44,000	44,893	(893)	8,750	0	8,750
TOTAL EXPENDITURES	73,200	76,277	(3,077)	20,750	4,028	16,722
Excess (deficiency) of revenues over expenditures	(22,200)	(1,123)	21,077	(8,750)	8,851	101
OTHER FINANCING SOURCES (USES)						
Loan proceeds	0	0	0	8,750	0	8,750
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	8,750	0	8,750
Excess (deficiency) of revenue over over exp and other sources	(22,200)	(1,123)	21,077	0	8,851	8,851
FUND BALANCES AT BEGINNING OF YEAR	77,822	77,822	0	(8,055)	(8,055)	0
FUND BALANCES AT END OF YEAR	\$55,622	\$76,699	\$21,077	\$(16,805)	\$796	\$17,601

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

**TOWN OF EVERGREEN, LOUISIANA
ENTERPRISE FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998**

	Enterprise Funds
<u>OPERATING REVENUES</u>	
Charges for services	\$139,158
Late charges	2,193
TOTAL OPERATING REVENUES	141,351
<u>OPERATING EXPENSES</u>	
Mayor - Salary	1,950
Attendance fees	1,788
Collection	1,220
Dues	100
Depreciation	50,606
Insurance	8,073
Lab fees	1,590
Legal and professional	12,223
Miscellaneous	349
Office supplies	648
Postage	1,708
Rent	0
Repairs and maintenance	22,397
Salaries	49,843
Supplies	4,537
Taxes - payroll	4,149
Telephone	1,177
Truck	2,903
Utilities	9,786
TOTAL OPERATING EXPENSES	175,045
OPERATING INCOME	(33,694)
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	6,676
Interest expense	(5,243)
Total nonoperating revenues (expenses)	1,433
NET INCOME	(32,261)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	37,651
INCREASE (DECREASE) IN RETAINED EARNINGS	5,390
RETAINED EARNINGS BEGINNING OF YEAR	310,874
RETAINED EARNINGS END OF YEAR	\$316,264

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

**TOWN OF EVERGREEN, LOUISIANA
ENTERPRISE FUNDS
COMBINED STATEMENT OF CASH FLOWS
- ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30,1998**

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (Loss)	\$(32,261)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	50,606
(Increase) decrease in accounts receivables	505
(Increase) decrease in notes receivables	8,750
(Increase) decrease in other receivables	(3,204)
Increase (decrease) in accounts payable	6,130
Increase (decrease) in other payables	(1)
Increase (decrease) in accrued liabilities	<u>(222)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,303</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of investments	<u>(5,455)</u>
NET CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	<u>(5,455)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on bonds and lease payable	<u>(2,000)</u>
NET CASH PROVIDED (USED) FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>103,463</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$126,311</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF EVERGREEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

INTRODUCTION

The Town of Evergreen was incorporated on the first Monday of April 1872, under the provisions of the State of Louisiana Legislative Act 61, signed and dated April 23, 1872. The Town operates under a Mayor-Board of Alderman form of government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Basis of Presentation. Accompanying financial statements of the Town of Evergreen have been prepared in conformity with generally accepted accounting principles (GAAP) applied to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity. Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the Town of Evergreen, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and :
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, the Evergreen Volunteer Fire Department is considered a part of the Town's reporting entity and has been presented as a blended component unit.

C. Fund Accounting. The Town of Evergreen uses funds and account groups to report its financial position and results of its operations, each of which is considered a separate accounting entity. A fund is a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

TOWN OF EVERGREEN, LOUISIANA
NOTES OF FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund-

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 other funds.

Special Revenue Fund-

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds-

Capital Projects Funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund-

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 the cost (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 of revenues earned, expenses incurred, and/or new income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Fixed Assets and Long-Term Liabilities. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than building, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a costs of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives, in years, are as follows:

	<u>Water System</u>	<u>Sewer System</u>
Water well	20	-
Building & Utility System	50	50
Service Vehicles and Movable Equipment	7	5
Office Furniture and Fixtures	5	-

All fixed assets are stated at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the date donated.

E. Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charged for services, franchise fees and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt (if applicable) is recognized as an expenditure when due.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year due to immateriality.

The Town follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the fiscal year ended June 30, 1998, there were no interest charges capitalized on fixed assets acquired or constructed. Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 1998 was \$50,606.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets and Budgetary Accounting. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a purposed budget and submits same to the Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. After all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. The budgets for the Governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are stated as originally adopted, or as amended from time to time by the Board of Alderman.
6. The Town does not integrate its budget into the accounting system and exercises budgetary control at the fund level.

G. Cash and Cash Equivalents Cash includes cash on hand, demand deposits and short-term investments with original maturities of ninety days or less from the date of acquisition.

H. Cash Flow Presentation For the purposes of the statement of cash flows, the Enterprise Funds (Water System Fund and Sewer System Fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

I. Investments Investments which consist of interest-bearing certificates of deposit with maturities greater than ninety days in local financial institutions are stated at cost. At June 30, 1998, cost approximated market value on investments held by the Town.

J. Bad Debts Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Uncollectible amounts at June 30, 1998, were immaterial.

K. Accumulated Unpaid Vacation and Other Employee Benefits Employees of the Town are not covered under any specific vacation or sick leave policy therefore there are no accumulations of such absences to be accrued as a liability in these financial statements. It is the Town's policy to recognize the costs of compensated absences when actually paid to employees.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Total Columns on Combined Statements - Overview Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 1998, the Town has cash and cash equivalents (book balances) totaling \$305,705 as follows:

Demand deposits	\$128,680
Time deposits	<u>177,025</u>
Total	<u>\$305,705</u>

Balances in time deposits are reflected as investments since they represent interest-bearing certificates of deposits with maturities greater than ninety days.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the Town has \$305,302 in deposits (collected bank balances). These deposits are secured from risk by federal deposits insurance of \$211,882 and pledged securities of \$93,420.

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF EVERGREEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 3. RECEIVABLES

Intergovernmental receivables at June 30 consisted of the following:

	<u>1998</u>
Tobacco Tax	\$ 383
Beer Tax	67
DOTD	1,059
Indian Affairs	<u>7,763</u>
	<u>\$ 9,272</u>

In the enterprise fund unbilled utility receivables were immaterial at June 30, 1998. Billed receivable balance at June 30, 1998 consisted of the following:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current billings	\$10,547	\$1,810	\$12,357
Over 30 days	<u>1,074</u>	<u>184</u>	<u>1,258</u>
	<u>\$11,621</u>	<u>\$1,994</u>	<u>\$13,615</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 518	\$10,542
Volunteer Fire Dept- Sub District # 9	-	2,800
Sewer Fund	-	3,467
Water Fund	<u>16,291</u>	<u>-</u>
	<u>\$16,809</u>	<u>\$16,809</u>

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 5. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1998 totaling \$54,601.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Customer Meter Deposit	\$11,779	\$ -	\$11,779
Bond and Interest Redemption Reserve	-	28,269	28,269
Contingency	-	7,286	7,286
	<u>-</u>	<u>7,267</u>	<u>7,267</u>
	<u>\$11,779</u>	<u>\$48,822</u>	<u>\$54,601</u>

NOTE 6. CHANGES IN FIXED ASSETS

A summary in changes in general fixed assets as follows:

	<u>Balance 6/30/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/98</u>
Land	\$ 200	\$ 750	\$ -	\$ 950
Buildings	37,000	19,299	-	56,300
Machinery & Equipment	27,676	-	-	27,676
Vehicles	35,000	-	-	35,000
Park & Improvements	<u>45,328</u>	<u>-</u>	<u>-</u>	<u>45,328</u>
	<u>\$145,205</u>	<u>\$ 20,049</u>	<u>\$ -</u>	<u>\$ 165,254</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1998 follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Water Wells	\$ 649,193	\$ -	\$ 649,193
Distribution System	919,848	643,672	1,563,720
Service Vehicles	26,090	-	26,090
Miscellaneous Equipment	<u>36,476</u>	<u>2,850</u>	<u>39,336</u>
	1,631,607	646,732	2,278,339
Less Accumulated Depreciation	<u>(418,995)</u>	<u>(180,995)</u>	<u>(599,990)</u>
	1,212,612	465,737	1,678,349
Land	<u>9,765</u>	<u>-</u>	<u>9,765</u>
Total	<u>\$1,222,377</u>	<u>\$465,737</u>	<u>\$1,688,114</u>

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 7. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1998:

	<u>Sewer</u>
Revenue Bonds Payable at 6/30/97	\$106,691
Add: New Debt Issued	-
Less: Bonds Retired	2,000
Revenue Bonds Payable at 6/30/98	\$104,691

Debt issues payable at June 30, 1998 are comprised of the following individual revenue bond issues:

\$134,000 Sewer Revenue Bond dated August 12, 1983, due in annual installments of \$2,000 to \$8,000 beginning August 12, 1986 through August 12, 2023 interest payable annually on each anniversary date at 5% (this issue is secured by the income and revenues to be derived from the operation of the sewer system). \$104,691

The annual requirements to amortize all debt outstanding as of June 30, 1998 including interest payments of \$88,695 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Sewer</u> <u>Revenue</u>
1999	7,235
2000	7,135
2001	7,035
2002	6,935
2003	6,835
2004-2023	158,211
 Total	 \$193,386

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 8. AD VALOREM TAXES

For the year ended June 30, 1998, taxes of 7.21 mills were levied on property with assessed valuations totaling \$432,840 and were dedicated as follows:

General Corporate	7.21 mills
-------------------	------------

Total taxes levied were \$3,121. Ad Valorem taxes receivable at June 30, 1998 were \$671.

Property taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied in October of each year and payable by January 1 of the year following. The Town bills and collects its own property taxes and they are recognized as revenues when levied to the extent that they result in current receivables. Property assessments are based on valuations made by tax assessor of Avoyelles Parish.

NOTE 9. DEDICATION OF SEWER REVENUES AND SINKING FUND REQUIREMENTS

There are a number of limitations and requirements contained in the revenue bond indenture as follows:

1983 SEWER REVENUE BOND:

All the income and revenues of the Sewer System are pledged to the retirement of the Sewer Revenue Bond dated August 12, 1983, and are required to be deposited in a separate bank account designated as the "Sewer Revenue Fund" from which all reasonable and necessary expenses of operating and maintaining the system have first priority. The second priority requires the establishment of the following special funds for the following express purposes:

SEWER REVENUE BOND AND INTEREST SINKING FUND:

This fund, as required by the Bond Resolution, is used for the annual payment of principal and interest on the outstanding bond. This is done by transferring from the Sewer Revenue Fund to the regularly designated fiscal agent of the Town, monthly in advance on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12th) of the total amount of principal and interest falling due in the ensuing year, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.

SEWER RESERVE FUND:

This fund, as required by the Bond Resolution, is established solely for the purpose of paying the principal of and interest on the bond payable from the above mentioned Sewer Revenue Bond and Interest Sinking Fund, as to which there would otherwise be default. Funds must be transferred into this account from the Sewer Revenue Fund, monthly in advance on or before the 20th day of each month of each year, beginning with the first month in which the system becomes revenue producing, a sum at least equal to five percent (5%) of the amount to be paid into the above mentioned Sinking Fund, with the payments into the Reserve Fund continuing until it has accumulated enough funds to equal the highest combined principal and interest payment due on the bond in any year, as a Debt Service Reserve not to exceed \$8,700.

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 9. DEDICATION OF SEWER REVENUES AND SINKING FUND REQUIREMENTS, (Continued)

SEWER DEPRECIATION AND CONTINGENCY FUND:

The purpose of this fund is to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system, by transferring from the Sewer Revenue Fund to the regularly designated fiscal agency bank of the Town, monthly in advance on or before the 20th day of each month. Money in the Sewer Depreciation and Contingency Fund shall also be used to pay the principal of and the interest on any bonds herein authorized for the payment of which there is not sufficient money in the Sinking or Reserve Funds, but if so used, such money shall be replaced by the Town as soon as possible thereafter out of the earnings of the system after making the required payments into the respective funds described above.

Subject to the foregoing, which are cumulative, the balance of the excess funds on deposit in the Sewer Revenue Fund may be used by the Town for the purpose of calling and/or paying bonds or of such other lawful corporate purposes as the Governing Authority of the Town may determine.

All or any part of the monies on reserve in any of the aforesaid funds shall, at the written request of the Town, be invested in direct obligations of the United States of America or other obligations permitted by Louisiana law, maturing in five (5) years or less, in which event all income derived from such investments in the said Sinking Fund and said Reserve Fund shall be deposited in the Sewer Revenue Fund as income and reserves of the System, and all income from investments in said Depreciation Fund shall be added to such Depreciation Fund. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which said respective funds are herein maintained.

NOTE 10. RETIREMENT COMMITMENTS

All employees of the Town participate in the social security retirement system. The Town has no further liability for retirement commitments.

NOTE 11. FRANCHISE AGREEMENTS

The Town entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. Central Louisiana Electric Company, Inc. (CLECO) effective July 8, 1996 for a period of twenty-five (25) years. Franchise fee is based on two percent (4%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Town. Fees are payable on an annual basis. Other franchise provisions are as follows:

Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable by CLECO (except uniform ad valorem taxes, based on property values).

TOWN OF EVERGREEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 11. FRANCHISE AGREEMENTS-CONTINUED

2. Laribay Cablevision - effective 1988 for a period of twenty (20) years. The franchise fee is based on three percent (3%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the Town city limits. Fees are payable to the Town semi-annually.
3. Entex Gas, Inc. - effective August 14, 1995, for a period of fifteen (15) years. Franchise fees is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th day of each February.
4. Bell South, Inc. - effective June 12, 1996 for a period of five (5) years. Franchise fee is based on five percent (5%) of the gross receipts from local exchange telephone services for residential and commercial purposes billed on established rates provided within the corporate limits of the Town. Fees are payable to the Town in quarterly installments.

NOTE 13. COMPENSATION TO ELECTED OFFICIALS

The compensation paid to the Mayor and Board of Alderman follows:

<u>Office</u>		<u>Date Term Expires/Resigned</u>	<u>Amount of Compensation</u>
Philip Heiman	Mayor	December 1999	\$3,000
Thelma Moore	Aldерwoman	December 1999	600
Kenneth Jans	Alderman	December 1999	600
Gwendolyn Hollinshead	Aldерwoman	December 1998	500
Roxanne Riche	Aldерwoman	December 1999	600
Joseph Devillier	Alderman	December 1999	<u>400</u>
			<u>\$5,700</u>

NOTE 14. LITIGATION

At June 30, 1998, the Town of Evergreen, Louisiana was not involved in any litigation that would materially affect the financial statements.

NOTE 15. YEAR 2000 RESOLUTION

The stage identified by the Governmental Accounting Standards Board as being necessary to implement a year 2000-compliant system are: Awareness Stage, Assessment Stage, Remediation Stage, and Validation/Testing Stage. The Town is currently in the Awareness Stage of the year 2000 compliant system. The progress to date by the Town with regards to Y2000 compliance is:

Awareness Stage: The Town has authorized the Mayor proceed with assessment of the problem and develop a budget and plan of action for implementation.

Assessment Stage: The Town will begin the assessment stage in January 1999.

Remediation Stage: Remediation and Validation/Testing stages are likely to occur in mid to late 1999.

SUPPLEMENTARY INFORMATION

**FINANCIAL STATEMENTS
OF COMBINING AND INDIVIDUAL FUNDS**

GENERAL FUND

To account for resources traditionally associated with governments
which are not required to be accounted for in another fund.

**TOWN OF EVERGREEN, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES DETAIL
- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998**

	June 30, 1998		Variance favorable (unfavorable)	June 30, 1997 Actual
	Budget	Actual		
REVENUES				
Taxes				
Ad valorem	\$2,400	\$2,736	\$336	\$2,656
Franchise	7,000	8,663	1,663	8,354
Total Taxes	9,400	11,399	1,999	11,010
Licenses and permits				
Corporate licenses	10,000	10,923	923	17,195
Total licenses and permits	10,000	10,923	923	17,195
Intergovernmental				
Beer taxes	200	285	85	342
Police jury	1,200	1,200	0	1,200
Gaming share	24,000	33,128	9,128	28,376
Tobacco taxes	1,000	1,530	530	1,530
Fire insurance	900	1,916	1,016	1,869
State Department of Highways	2,500	2,118	(382)	2,118
Total Intergovernmental	29,800	40,177	10,377	35,436
Miscellaneous				
Interest income	600	749	149	725
Miscellaneous	0	156	156	8,419
Rent	1,200	1,250	50	1,200
Grant proceeds	0	10,500	10,500	0
Total Miscellaneous	1,800	12,655	10,855	10,344
TOTAL REVENUES	\$51,000	\$75,153	\$24,153	\$73,986

**TOWN OF EVERGREEN, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES DETAIL
- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997**

	June 30, 1998		Variance favorable (unfavorable)	June 30, 1997 Actual
	Budget	Actual		
EXPENDITURES				
General government				
Advertising	\$0	\$0	\$0	\$426
Assessor fees	\$150	\$268	\$(118)	\$0
Christmas expense	\$0	\$747	\$(747)	\$147
Dues	200	238	(38)	362
Election expense	0	184	(184)	0
Insurance	5,000	5,482	(482)	4,294
Legal and professional	4,500	3,878	623	3,132
Miscellaneous	5,000	33	4,967	359
Office expense	300	128	172	448
Postage	0	108	(108)	192
Mayor-Salary	1,050	1,050	0	1,050
Attendance fees	1,100	963	138	980
Publication of minutes	1,050	700	350	720
Repairs and maintenance	250	6,810	(6,560)	1,719
Salaries and wages	1,800	2,475	(675)	2,475
Taxes - payroll	350	389	(39)	182
Telephone	300	0	300	0
Travel	0	0	0	107
Service charges	15	0	15	0
Utilities	3,000	4,142	(1,142)	3,975
Total General government	24,065	27,596	(3531)	20,568
Public safety				
Fire Department				
Dues	50	0	50	0
Insurance	1,800	1,713	87	1,127
Miscellaneous	1,000	2	998	116
Postage	50	0	50	0
Repairs and maintenance	900	18	882	197
Taxes and licenses	25	0	25	0
Travel	250	0	250	0
Legal and professional	400	773	(373)	103
Utilities	0	636	(636)	504
Total Fire Department	4,475	3,142	1,333	2,047
Police department				
Salaries	600	600	0	600
Taxes - payroll	60	46	14	46
Total Police Department	660	646	14	646
Total Public Safety	5,135	3,787	1,348	2,693

**TOWN OF EVERGREEN, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES DETAIL
- BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997**

	June 30, 1998		Variance favorable (unfavorable)	June 30, 1997 Actual
	Budget	Actual		
Capital Outlay				
General government	24,000	24,844	(844)	4,815
Public safety	20,000	20,049	(49)	11,098
Total Capital Outlay	44,000	44,893	(893)	15,913
TOTAL EXPENDITURES	\$73,200	\$76,277	\$(3,077)	\$39,175

ENTERPRISE FUNDS

- Water System Fund-** To account for the provision of the water services to the residents of the Town of Evergreen, Louisiana and some residents of the Parish of Avoyelles. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collections.
- Sewer System Fund-** To account for the provision of the sewerage services to the residents of the Town of Evergreen, Louisiana. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collections.

**TOWN OF EVERGREEN, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1998**

	<u>Water</u>	<u>Sewer</u>	<u>Memorandum Only Current Year</u>	<u>Memorandum Only Prior Year</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$73,324	\$24,872	\$98,196	\$76,576
Investments	78,469	0	78,469	74,391
Accounts Receivables	11,621	1,994	13,615	14,119
Due from other funds	16,291	0	16,291	13,087
Notes receivable, current	0	0	0	8,750
Total Current Assets	<u>179,705</u>	<u>26,866</u>	<u>206,571</u>	<u>186,922</u>
Restricted Assets				
Cash and cash equivalents	873	27,241	28,115	26,887
Investments	10,906	15,580	26,486	25,109
Total Restricted Assets	<u>11,779</u>	<u>42,821</u>	<u>54,600</u>	<u>51,996</u>
Fixes Assets				
Land	9,765	0	9,765	9,765
Property, plant and equipment	1,631,607	646,732	2,278,339	2,278,339
Accumulated depreciation	(418,995)	(180,995)	(599,990)	(549,384)
Total fixed assets	<u>1,222,377</u>	<u>465,737</u>	<u>1,688,114</u>	<u>1,738,720</u>
TOTAL ASSETS	<u>\$1,413,861</u>	<u>\$535,424</u>	<u>1,949,285</u>	<u>\$1,977,637</u>

**TOWN OF EVERGREEN, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 1998**

	<u>Water</u>	<u>Sewer</u>	<u>Memorandum Only Current Year</u>	<u>Memorandum Only Prior Year</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Current liabilities payable (from current assets)				
Accounts payable	\$2,540	\$3,590	\$6,130	\$0
Payroll taxes payable	1,039	8	1,047	1,134
Sales taxes payable	364	0	364	338
Due to other funds	0	3,467	3,467	3,466
Total current liabilities payable (from current assets)	<u>3,943</u>	<u>7,064</u>	<u>11,008</u>	<u>4,938</u>
Current liabilities payable (from restricted assets)				
Customer security deposits	11,779	0	11,779	11,849
Revenue bonds payable	0	2,000	2,000	2,000
Accrued interest	0	4,790	4,790	4,881
Total current liabilities payable (from restricted assets)	<u>11,779</u>	<u>6,790</u>	<u>18,569</u>	<u>18,730</u>
Long-term Liabilities				
Revenue bonds payable	0	102,691	102,691	104,691
Total Long-term Liabilities	<u>0</u>	<u>102,691</u>	<u>102,691</u>	<u>104,691</u>
TOTAL LIABILITIES	<u>\$15,722</u>	<u>\$116,545</u>	<u>\$132,267</u>	<u>\$128,359</u>
FUND EQUITY				
Contributed capital	1,124,047	376,706	1,500,753	1,538,404
Reserved for revenue bond retirement	0	36,031	36,031	32,972
Unreserved	274,091	6,142	280,233	277,902
TOTAL FUND EQUITY	<u>1,398,139</u>	<u>418,879</u>	<u>1,817,017</u>	<u>1,849,278</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,413,861</u>	<u>\$535,424</u>	<u>\$1,949,285</u>	<u>\$1,977,637</u>

**TOWN OF EVERGREEN, LOUISIANA
WATER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- favorable (unfavorable)</u>	<u>Memorandum only Prior Year</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$115,000	\$117,282	\$2,282	\$116,811
Late charges	1,300	1,861	561	2,061
Total operating revenues	<u>116,300</u>	<u>119,143</u>	<u>2,843</u>	<u>118,872</u>
<u>OPERATING EXPENSES</u>				
Accounting	850	0	850	0
Attendance fees	3,700	1,788	1,913	1,820
Collection	1,000	954	46	1,005
Depreciation	36,000	37,701	(1,701)	37,202
Dues	0	100	(100)	100
Insurance	7,750	7,970	(220)	7,139
Legal advertising	500	0	500	0
Legal and professional	7,000	8,729	(1,729)	6,366
Mayor's salary	0	1,950	(1,950)	1,950
Miscellaneous	500	313	187	113
Office supplies	500	587	(87)	524
Postage	1,600	1,708	(108)	1,665
Rent	0	0	0	20
Repairs and maintenance	16,000	17,780	(1,780)	18,006
Salaries	51,000	49,243	1,757	49,314
Supplies	4,500	4,485	16	3,665
Taxes - payroll	4,000	4,101	(101)	5,377
Telephone	700	1,177	(477)	974
Truck expense	2,750	2,903	(153)	2,486
Utilities	8,000	7,631	369	6,767
Total operating expenses	<u>146,350</u>	<u>149,118</u>	<u>(2,768)</u>	<u>144,493</u>
Operating income (loss)	<u>(30,050)</u>	<u>(29,974)</u>	<u>76</u>	<u>(25,621)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest income	4,500	5,288	788	4,889
Gain on sale of fixed assets	0	0	0	642
Miscellaneous income	100	0	100	0
Total Nonoperating revenues (expenses)	<u>4,600</u>	<u>5,288</u>	<u>688</u>	<u>5,531</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfers out	0	0	0	700
Total operating transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>700</u>
NET INCOME (LOSS)	<u>\$(25,450)</u>	<u>\$(24,686)</u>	<u>\$764</u>	<u>\$(20,790)</u>

**TOWN OF EVERGREEN, LOUISIANA
SEWER SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
BUDGET (GAAP) AND ACTUAL
YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- favorable (unfavorable)</u>	<u>Memorandum only Prior Year</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$18,000	\$21,876	\$3,876	\$20,308
Late charges	250	332	82	347
Total operating revenues	<u>18,250</u>	<u>22,208</u>	<u>3,958</u>	<u>20,655</u>
<u>OPERATING EXPENSES</u>				
Collection	200	266	(66)	158
Depreciation	13,000	12,905	95	12,908
Insurance	150	103	47	127
Lab fees	1,300	1,590	(290)	1,507
Legal and professional	2,000	3,495	(1,495)	1,298
Miscellaneous	250	36	214	0
Office supplies	100	61	39	0
Repairs and maintenance	1,000	4,617	(3,617)	1,416
Salaries	600	600	0	600
Supplies	0	52	(52)	0
Taxes - payroll	75	48	27	58
Utilities	2,500	2,156	344	2,562
Total operating expenses	<u>21,175</u>	<u>25,928</u>	<u>(4,753)</u>	<u>20,634</u>
Operating income (loss)	<u>(2,925)</u>	<u>(3,720)</u>	<u>(795)</u>	<u>21</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest income	1,000	1,388	388	1,266
Interest expense	(5,400)	5,243	157	5,462
Total Nonoperating revenues (expenses)	<u>¹(4,400)</u>	<u>(3,855)</u>	<u>545</u>	<u>(4,196)</u>
Net Income (loss)	<u>\$(7,325)</u>	<u>\$(7,575)</u>	<u>\$(250)</u>	<u>\$(4,176)</u>

**TOWN OF EVERGREEN, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
- ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Water System</u>	<u>Sewer System</u>	<u>(Memorandum Only) Current</u>	<u>(Memorandum Only) Prior Year</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income (Loss)	\$(24,686)	\$(7,575)	\$(32,261)	\$(24,966)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	37,701	12,905	50,606	50,110
Gain on sale of equipment	0	0	0	(642)
(Increase) decrease in accounts receivables	380	125	505	164
(Increase) decrease in notes receivables	8,750	0	8,750	0
(Increase) decrease in other receivables	(3,204)	0	(3,204)	0
Increase (decrease) in accounts payable	2,540	3,590	6,130	0
Increase (decrease) in other payables	0	(1)	(1)	(2,313)
Increase (decrease) in accrued liabilities	(130)	(92)	(222)	1,175
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>21,351</u>	<u>8,952</u>	<u>30,303</u>	<u>23,528</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Sale of equipment	0	0	0	700
Purchases of property and equipment	0	0	0	(10,350)
Purchase of investments	(4,645)	(810)	(5,455)	(3,746)
NET CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	<u>(4,645)</u>	<u>(810)</u>	<u>(5,455)</u>	<u>(13,396)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on bonds and lease payable	0	(2,000)	(2,000)	(2,000)
NET CASH PROVIDED (USED) FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,706	6,142	22,848	8,132
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>57,492</u>	<u>45,971</u>	<u>103,463</u>	<u>95,331</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$74,198</u>	<u>\$52,113</u>	<u>\$126,311</u>	<u>\$103,463</u>

**TOWN OF EVERGREEN, LOUISIANA, LUOISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998**

<u>Ref.No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Findings</u>	<u>Planned Corrective Action Taken (Yes, No, Partially)</u>	<u>Action/Partial Corrective Action Taken</u>
Section 1-Internal Control and Compliance Material to the Financial Statements:				
<u>None</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u> </u>		<u> </u>
		<u> </u>		<u> </u>
Section 11-Internal Control and Compliance Material to Federal Awards:				
<u>None</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u> </u>		<u> </u>
		<u> </u>		<u> </u>
Section 111-Management Letter:				
<u>#1</u>	<u>30-Jun-97</u>	<u>Untimely and</u>	<u>Partially</u>	<u>Will begin making</u>
		<u>incorrect deposits</u>		<u>more frequent</u>
				<u>deposits in the</u>
				<u>future.</u>
<u>#2</u>	<u>30-Jun-97</u>	<u>Proper retention</u>	<u>Yes</u>	
		<u>of important</u>		
		<u>records</u>		

Management Letter

Honorable Philip Heiman, Mayor
and the Board of Aldermen
Town of Evergreen, Louisiana

In planning and performing the audit of the general-purpose financial statements of the Town of Evergreen, Louisiana for the year ended June 30, 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. As noted in the financial report dated December 8, 1998, as a result of the audit work performed we noted no matters involving the internal control structure and its operation that we consider to be reportable conditions and/or material weaknesses. Current year comments consist of the following recommendations:

Finding #1 -

Minutes of Meetings Incomplete

On several occasions, minutes of the meeting held by the Mayor and Board of Aldermen did not completely reflect the actions taken at the meeting. At one particular meeting a significant capital outlay budget amendment was not recorded as part of the official record.

Management's Corrective Action Plan -

The Town Clerk will attempt to be more thorough when recording the actions taken at the monthly meetings.

Finding #2 -

Utilization of Formal Attendance Records

Currently, the supervisor forwards a hand-written note to the Town Clerk to notify her of the hours worked of each employee. Formal attendance records are not being utilized by the employee to document the hours worked.

Management's Corrective Action Plan -

Standard time forms were established and will be utilized by all employees. The time forms will be filled out on a daily basis by the employees and approved by the supervisor before being submitted to the Town Clerk for payment.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above are believed to be a material weakness.

This report is intended solely for the information and use of the Town of Evergreen, Louisiana's management, and others within its administration.



DUCOTE & COMPANY

Marksville, Louisiana

December 8, 1998