

**TOWN OF INDEPENDENCE, LOUISIANA**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Town of Independence, Louisiana**

## Table of Contents

For the Year Ended June 30, 2021

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report	-	-	1 - 3
Required Supplemental Information (Part I): Management's Discussion and Analysis	-	-	5 - 11
Basic Financial Statements:			
Government-Wide Financial Statements:			
Statement of Net Position	A	-	13
Statement of Activities	B	-	14
Fund Financial Statements:			
Governmental Funds:			
Balance Sheet	C	-	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	-	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	-	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	F	-	19
Proprietary Funds:			
Statements of Net Position	G	-	20 - 21
Statements of Revenues, Expenses, and Changes in Net Position	H	-	22
Statements of Cash Flows	I	-	23 - 24
Notes to the Financial Statements	-	-	26 - 54
Required Supplementary Information (Part II):			
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual			
General Fund	-	1	56
Innovative Housing Fund	-	2	57
Schedule of the Town's Proportionate Share of the Net Pension Liability			
Municipal Employees' Retirement System of Louisiana	-	3-A	58
Municipal Police Employees' Retirement System of Louisiana	-	3-B	59
Schedule of the Town's Contribution			
Municipal Employees' Retirement System of Louisiana	-	4-A	60
Municipal Police Employees' Retirement System of Louisiana	-	4-B	61

**Town of Independence, Louisiana**

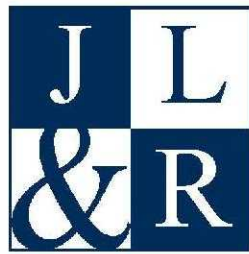
Table of Contents (Continued)

For the Year Ended June 30, 2021

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Other Supplementary Information:			
Non-Major Governmental Funds:			
Combining Balance Sheet	-	5	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	-	6	64
Schedule of Compensation of Paid Elected Officials	-	7	65
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	8	66
Schedule of Insurance Coverage in Force	-	9	67
Water and Sewer Rate Schedule	-	10	68
Schedule of Water and Sewer Information	-	11	69
Schedule of Justice System Funding - Collecting/ Disbursing Entity		12	70
Other Independent Auditor's Reports and Findings and Recommendations:			
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	-	72 - 73
Schedule of Findings and Questioned Costs	-	-	74 - 76
Schedule of Prior Year Findings and Recommendations	-	-	77

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## Independent Auditor's Report

The Honorable Jim Paine, Mayor  
and Members of the Board of Aldermen  
Independence, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

The Honorable Jim Paine, Mayor  
and Members of the Board of Aldermen  
Town of Independence, Louisiana

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana, as of June 30, 2021, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison information; the schedules of the Town's proportionate share of the net pension liability; and the schedules of Town contributions on pages 5 – 11, 56 – 57, 58 – 59, and 60 – 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major governmental fund financial statements; the schedule of compensation of paid elected officials; the schedule of compensation, benefits, and other payments to agency head; the schedule of insurance coverage in force; the water and sewer rate schedule; the schedule of water and sewer information; and the schedule of justice system funding – collecting / disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

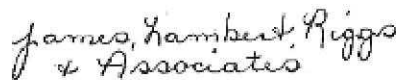
The combining and individual non-major fund financial statements; the schedule of compensation of paid elected officials; the schedule of compensation, benefits, and other payments to agency head; and the schedule of justice system funding – collecting / disbursing entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements; the schedule of compensation of paid elected officials; the schedule of compensation, benefits, and other payments to agency head; and the schedule of justice system funding – collecting / disbursing entity are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Jim Paine, Mayor  
and Members of the Board of Aldermen  
Town of Independence, Louisiana

The schedule of insurance coverage in force; the water and sewer rate schedule; and the schedule of water and sewer information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Town'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 solely 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'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's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "James Lambert Riggs and Associates".

James Lambert Riggs and Associates, Inc.  
Hammond, Louisiana

December 13, 2021

**Required Supplemental Information (Part I):**

**Management's Discussion and Analysis**

**Town of Independence, Louisiana**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

As management of the Town of Independence, Louisiana (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2021. This Management Discussion and Analysis (the "MD&A") is designed to provide an objective and easy to read analysis of the Town's financial activities based on currently known facts, decisions, or conditions. It is designed to be read in conjunction with the financial statements and to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the short and long-term activities of the Town based on information presented in this financial report, as well as fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

### **Financial Highlights**

- Total assets for the year were \$13,610,611 at June 30, 2021, and exceeded liabilities in the amount of \$7,178,546 (i.e., net position). \$6,608,248 was invested in capital assets, \$505,768 was restricted for debt service, and \$64,530 was unrestricted.
- The Town's total revenues for the year increased from the prior year by 21.68% from \$2,628,564 to \$3,194,107.
- Expenditures for the year decreased by \$50,475 from the prior year from \$2,923,088 to \$2,867,140.
- Total net position increased by \$326,967.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's financial statements consist of the following components:

- Government-Wide Financial Statements,
- Fund Financial Statements,
- Notes to the Financial Statements,
- Required Supplementary Information and
- Other Supplemental Information, which is in addition to the financial statements themselves.



**Town of Independence, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

**Government-Wide Financial Statements**

Government-wide financial statements required by GASB Statement 34 provide readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or weakening.
- The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Town into *Governmental Activities* that are principally supported by taxes and intergovernmental revenues, and *Business-Type Activities* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Water and Sewer).

**Government-Wide Financial Analysis**

The purpose of financial analysis is to help determine whether the Town is in a healthier financial state due to the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position and the Statement of Activities, are presented on the next page in condensed format. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Town of Independence, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

**Condensed Statement of Net Position**

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 1,579,825	\$ 1,133,067	\$ 446,758	39.43%
Capital Assets	<u>12,030,786</u>	<u>12,310,557</u>	<u>(279,771)</u>	-2.27%
Total Assets	<u>13,610,611</u>	<u>13,443,624</u>	<u>166,987</u>	1.24%
Deferred Outflows of Resources	<u>317,143</u>	<u>360,479</u>	<u>(43,336)</u>	-12.02%
<b>Liabilities:</b>				
Current Liabilities	380,594	360,366	20,228	5.61%
Long-Term Debt	5,307,016	5,596,078	(289,062)	-5.17%
Net Pension Liability	<u>989,293</u>	<u>954,060</u>	<u>35,233</u>	3.69%
Total Liabilities	<u>6,676,903</u>	<u>6,910,504</u>	<u>(233,601)</u>	-3.38%
Deferred Inflows of Resources	<u>72,305</u>	<u>42,020</u>	<u>30,285</u>	72.07%
<b>Net Position:</b>				
Net Investment in Capital Assets	6,608,248	6,561,057	47,191	0.72%
Restricted Net Position	505,768	450,250	55,518	12.33%
Unrestricted Net Position	<u>64,530</u>	<u>(159,728)</u>	<u>224,258</u>	-140.40%
Total Net Position	<u>\$ 7,178,546</u>	<u>\$ 6,851,579</u>	<u>\$ 326,967</u>	4.77%

At June 30, 2021, assets exceeded liabilities by \$7,178,546 (net position). The Town had a positive Unrestricted Net Position of 64,530 compared to negative (\$159,728) for the prior year. The Town's net position is comprised of \$1,668,169 from Governmental Activities and \$5,510,377 from Business-Type Activities, as shown on Exhibit A.

The largest portion of the Town's net position (92%) reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (7%) represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Town reported a positive balance in unrestricted net position.

**Town of Independence, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

**Condensed Statement of Activities**

	2021	2020	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,222,794	\$ 1,180,550	\$ 42,244	3.58%
Grants and Contributions	308,281	48,454	259,827	536.23%
General Revenues	1,663,032	1,399,560	263,472	18.83%
Total Revenues	3,194,107	2,628,564	565,543	21.52%
Expenses:				
Governmental Activities	1,649,822	1,788,358	(138,536)	-7.75%
Business-Type Activities	1,217,318	1,134,730	82,588	7.28%
Total Expenses	2,867,140	2,923,088	(55,948)	-1.91%
Change in Net Position	326,967	(294,524)	621,491	-211.02%
Net Position:				
Beginning of the Year	6,851,579	7,146,103	(294,524)	-4.12%
End of the Year	\$ 7,178,546	\$ 6,851,579	\$ 326,967	4.77%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. "Program Revenues" increased by \$42,244 to \$1,222,794 due primarily to increases in occupational licenses, and police fines. General revenues increased by \$263,472 due to an increase of \$183,142 in sales tax and a refund of overpayment of workers compensation insurance of \$42,707. Grants and Contributions increased primarily due to a facility grant of \$102,946 and a CARES Act Grant of \$157,317.

Total expenses decreased by \$55,948 to \$2,867,140. Business-Type Expenses increased by \$82,588 while Governmental Activity expenditures decreased by \$138,536.

**Fund Financial Statements**

For governmental activities, these statements depict how services were financed with a short-term focus as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements for the Town's most significant funds. Non-significant funds are consolidated into a single category for the purposes of displaying financial information. The fund financial statements should be viewed as providing detailed information about a specific fund rather than Town as a whole. Some funds are required to be established by state law or certain bond covenants. Other funds are established by the Town Aldermen to manage money for particular purposes or meeting legal responsibilities for using restricted money such as certain tax and grant revenue.

Governmental Funds – these funds provide a short-term view for the reader of the financial statements. These funds are designed to provide the user with information on short-term inflows and outflows of spendable resources as well as balances of those resources near the end of the year. Governmental funds are presented using an accounting method called modified accrual. Modified accrual measures cash and all other financial assets that

**Town of Independence, Louisiana**  
 Management's Discussion and Analysis (Continued)  
 For the Year Ended June 30, 2021

are easily converted to cash. The financial information displayed in governmental funds assists the user in determining if the Town has sufficient financial resources to operate in the short term. The Town of Independence has two major funds, which are the general fund and the Innovative Housing Fund. Governmental funds are reconciled back to the fund balance displayed in the governmental activities in Exhibit F.

Proprietary Funds – these funds account for business-type activities and their accounting is similar to commercial accounting. The proprietary funds account for customer revenue the town collects in connection with services it provides. These funds fall under the business-type activities column under to government wide financial statements. Proprietary funds are accounted for using the full accrual accounting basis. The Town currently has one proprietary fund.

Notes to the Financial Statements – The notes provide additional information that is necessary to fully understand the data provided in the government-wide and fund financial statements.

Other Information – Required supplementary information (budget vs. actual schedules) is also presented in these financial statements. This information should be read in conjunction with the financial statements.

**Financial Analysis of the Government's Funds**

The general government operations of the Town are accounted for in the General Fund and Special Revenue Funds. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. A summary of general governmental operations of 2021 by fund type is as follows:

	General Fund	Innovative Housing	Non-Major Funds	2021
Revenues and Transfers In	\$ 2,112,751	\$ 3,670	\$ 9	\$ 2,116,430
Expenditures and Transfers Out	<u>1,897,011</u>	<u>59,482</u>	<u>8</u>	<u>1,956,501</u>
Excess (Deficiency) of				
Revenues over Expenditures	215,740	(55,812)	1	159,929
Fund Balance - Beginning	<u>(53,031)</u>	<u>229,680</u>	<u>(2,015)</u>	<u>174,634</u>
Fund Balance - Ending	<u>\$ 162,709</u>	<u>\$ 173,868</u>	<u>\$ (2,014)</u>	<u>\$ 334,563</u>

The General Fund is the primary operating fund of the Town. At the end of the year, the Town reported a positive fund balance of \$162,709.

The Town's other major fund, the Innovative Housing Fund, decreased by \$55,812 during 2021, which was the result of transfers to the general fund and proprietary fund.

Non-Major Funds increased by \$1 due to interest income and transfers out.

**Town of Independence, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2021

Revenues of the primary government for the general governmental fund types for 2021 totaled \$2,036,350. The Town's activities are largely supported by tax revenues, solid waste fees, and licenses and permits, which represent 67.37% of the total governmental resources. Sources of governmental revenues, excluding other financial sources, are summarized below.

Source of Revenue	2021		2020	
Taxes	\$ 1,023,217	50.25%	\$ 844,626	54.91%
Solid Waste	144,811	7.11%	141,428	9.19%
License and Permits	203,913	10.01%	182,258	11.85%
Fines and Forfeitures	113,848	5.59%	104,974	6.82%
Intergovernmental	5,801	0.28%	13,536	0.88%
Rental	115,982	5.70%	109,832	7.14%
Charges for Services	58,484	2.87%	57,574	3.74%
Other	62,013	3.05%	35,569	2.31%
On-Behalf of Payments	48,017	2.36%	48,450	3.15%
Grants	260,264	12.78%	-	0.00%
Total	<u>\$ 2,036,350</u>	<u>100.00%</u>	<u>\$ 1,538,247</u>	<u>100.00%</u>

Expenditures of the primary government for governmental fund types increased in 2021 by \$362,633. The change is attributable to a significant increase in debt service and capital outlay. General governmental expenditures by functions are summarized as follows:

Function	2021		2020	
General Government	\$ 287,269	15.14%	\$ 245,218	15.98%
Public Safety	794,738	41.89%	824,471	53.73%
Public Works	24,299	1.28%	259,935	16.94%
Solid Waste	120,711	6.36%	120,435	7.85%
Health and Recreation	246,462	12.99%	22,813	1.49%
Debt Service	228,738	12.06%	43,336	2.82%
Capital Outlay	194,794	10.27%	18,170	1.18%
Total	<u>\$ 1,897,011</u>	<u>100.00%</u>	<u>\$ 1,534,378</u>	<u>100.00%</u>

**General Fund Budgetary Highlights**

For the general fund, actual revenues and other sources were \$73,671 more than final budgeted amounts. Actual expenditures were \$46,811 more than final budgeted amounts. The net change in fund balance was \$40,340 more than final budgeted amounts.

For the general fund, original budgeted revenues and other financing sources were \$1,574,500 and final budgeted revenues and other financing sources were \$2,025,600.

Significant variations from the general fund's original budget amounts and final budget amounts are as follows:

- Sales taxes were increased by \$187,600 to account for an anticipated increase in sales tax.
- Police fines and forfeitures were decreased by \$27,400.
- Grant Revenues increased by \$257,300 to account for Cares Act Revenue and a Facility Planning Grant.
- Debt Service increased \$180,500 due to paying off General Fond Bunds.

**Town of Independence, Louisiana**  
 Management's Discussion and Analysis (Continued)  
 For the Year Ended June 30, 2021

**Capital Asset and Debt Administration**

*Capital Assets*

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$12,030,786 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, and water and sewer infrastructure and current construction in process. A summary of capital assets at year-end includes the following:

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ 100,150	\$ 100,150	\$ 69,808	\$ 69,808
Buildings and Equipment	2,711,957	2,517,163	691,380	661,258
Infrastructure	3,051,049	3,051,049	-	-
Utility Systems	-	-	14,970,279	14,951,326
Accumulated Depreciation	(3,925,226)	(3,822,747)	(5,638,611)	(5,217,451)
Net Capital Assets	<u>\$ 1,937,930</u>	<u>\$ 1,845,615</u>	<u>\$ 10,092,856</u>	<u>\$ 10,464,941</u>

The increase in buildings and equipment is due primarily to renovations to the train depot and a new roof being put onto city hall. Additional information on the Town's capital assets can be found in the footnotes of this report.

*Long-Term Debt*

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$5,410,035. All of this amount is payable from a pledge of the Town's sewer and water revenues.

**Economic Factors and Next Year's Budget**

The following factors were considered in preparing the Town's budget for the 2022 fiscal year:

For 2021, the Town transferred \$59,482 from the Innovative Housing Fund to the General Fund. The General Fund's Balance increased from a deficit of \$53,031 to a surplus of \$162,709.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Robin Dagro, Town Clerk, P.O. Box 35, Independence, Louisiana 70443.

**Basic Financial Statements –  
Government-Wide Financial Statements**

**Town of Independence, Louisiana**  
Statement of Net Position  
June 30, 2021

Exhibit A

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash & Cash Equivalents	\$ 72,755	\$ 255,262	\$ 328,017
Receivables, Net	50,597	88,217	138,814
Franchise Tax Receivables	18,631	-	18,631
Due From Other Governments	266,143	37,452	303,595
Internal Balances	(133,221)	133,221	-
Restricted Cash and Cash Equivalents	-	617,808	617,808
Notes Receivable, Net	154,188	-	154,188
Prepaid Insurance	11,052	7,720	18,772
Land	100,150	69,808	169,958
Capital Assets, Net	1,837,780	10,023,048	11,860,828
<b>Total Assets</b>	<b>2,378,075</b>	<b>11,232,536</b>	<b>13,610,611</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	266,914	50,229	317,143
<b>Total Deferred Outflows of Resources</b>	<b>266,914</b>	<b>50,229</b>	<b>317,143</b>
<b>Liabilities</b>			
Accounts Payable	63,638	38,421	102,059
Accrued Liabilities	30,236	6,838	37,074
Due to Other Governments	-	2,191	2,191
MERS	3,756	-	3,756
MPERS	7,952	-	7,952
Accrued Interest Payable	-	-	-
Non-Current Liabilities:			
Due Within One Year	4,686	110,836	115,522
Due in More Than One Year	7,817	5,299,199	5,307,016
Payable from Restricted Assets:			
Utility Meter Deposits	-	112,040	112,040
Net Pension Liability, MPERS	706,123	-	706,123
Net Pension Liability, MERS	98,005	185,165	283,170
<b>Total Liabilities</b>	<b>922,213</b>	<b>5,754,690</b>	<b>6,676,903</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	54,607	17,698	72,305
<b>Total Deferred Inflows of Resources</b>	<b>54,607</b>	<b>17,698</b>	<b>72,305</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,925,427	4,682,821	6,608,248
Restricted for:			
Debt Service	-	505,768	505,768
Unrestricted	(257,258)	321,788	64,530
<b>Total Net Position</b>	<b>\$ 1,668,169</b>	<b>\$ 5,510,377</b>	<b>\$ 7,178,546</b>

The accompanying notes are an integral part of this statement.



**Town of Independence, Louisiana**  
Statement of Activities  
For the Year Ended June 30, 2021

Exhibit B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues & Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 308,344	\$ 58,484	\$ 260,264	\$ -	\$ 10,404	\$ -	\$ 10,404
Public Safety	896,691	113,848	48,017	-	(734,826)	-	(734,826)
Public Works	73,284	-	-	-	(73,284)	-	(73,284)
Solid Waste	120,711	144,811	-	-	24,100	-	24,100
Health and Recreation	246,462	-	-	-	(246,462)	-	(246,462)
Debt Service Interest	4,330	-	-	-	(4,330)	-	(4,330)
<b>Total Governmental Activities</b>	<b>1,649,822</b>	<b>317,143</b>	<b>308,281</b>	<b>-</b>	<b>(1,024,398)</b>	<b>-</b>	<b>(1,024,398)</b>
<b>Business-Type Activities:</b>							
Sewer	664,368	446,222	-	-	-	(218,146)	(218,146)
Water	552,950	459,429	-	-	-	(93,521)	(93,521)
<b>Total Business-Type Activities</b>	<b>1,217,318</b>	<b>905,651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(311,667)</b>	<b>(311,667)</b>
<b>Total</b>	<b>\$ 2,867,140</b>	<b>\$ 1,222,794</b>	<b>\$ 308,281</b>	<b>\$ -</b>	<b>(1,024,398)</b>	<b>(311,667)</b>	<b>(1,336,065)</b>
<b>General Revenues:</b>							
Sales & Property Taxes					1,016,252	213,180	1,229,432
Licenses and Permits					203,913	-	203,913
Utility Franchise Fees					6,965	-	6,965
Intergovernmental					5,801	-	5,801
Rental Income					115,982	-	115,982
Miscellaneous					62,013	3,408	65,421
Transfers In and (Out)					(8)	-	(8)
Sale of Fixed Assets					7,094	-	7,094
Pension Contributions from Non-Employer Contributing Entities					19,661	8,771	28,432
<b>Total General Revenues</b>					<b>1,437,673</b>	<b>225,359</b>	<b>1,663,032</b>
<b>Change in Net Position</b>					<b>413,275</b>	<b>(86,308)</b>	<b>326,967</b>
<b>Net Position - Beginning of the Year</b>					<b>1,254,894</b>	<b>5,596,685</b>	<b>6,851,579</b>
<b>Net Position - End of the Year</b>					<b>\$ 1,668,169</b>	<b>\$ 5,510,377</b>	<b>\$ 7,178,546</b>

The accompanying notes are an integral part of this statement.

**Basic Financial Statements –  
Fund Financial Statements**

**Town of Independence, Louisiana**  
 Balance Sheet – Governmental Funds  
 June 30, 2021

Exhibit C

		<u>Special Revenue Fund</u>		
	<u>General Fund</u>	<u>Innovative Housing Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 55,089	\$ 16,022	\$ 1,644	\$ 72,755
Receivables, Net	50,597	-	-	50,597
Franchise Tax Receivables	18,631	-	-	18,631
Due From Other Governments	266,143	-	-	266,143
Restricted Cash	-	-	-	-
Notes Receivable, Net	-	154,188	-	154,188
Due from Other Funds	-	3,658	-	3,658
Prepaid Insurance	11,052	-	-	11,052
<b>Total Assets</b>	<u>\$ 401,512</u>	<u>\$ 173,868</u>	<u>\$ 1,644</u>	<u>\$ 577,024</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 63,638	\$ -	\$ -	\$ 63,638
Accrued Liabilities	30,236	-	-	30,236
MERS	3,756	-	-	3,756
MPERS	7,952	-	-	7,952
Due to Other Funds	133,221	-	3,658	136,879
Accrued Interest Payable	-	-	-	-
<b>Total Liabilities</b>	<u>238,803</u>	<u>-</u>	<u>3,658</u>	<u>242,461</u>
<b>Fund Balances (Deficits):</b>				
Nonspendable	11,052	157,846	-	168,898
Restricted for:				
Debt Service	-	-	-	-
Unassigned	151,657	16,022	(2,014)	165,665
<b>Total Fund Balances (Deficits)</b>	<u>162,709</u>	<u>173,868</u>	<u>(2,014)</u>	<u>334,563</u>
<b>Total Liabilities and Fund Balances</b>				
	<u>\$ 401,512</u>	<u>\$ 173,868</u>	<u>\$ 1,644</u>	<u>\$ 577,024</u>

The accompanying notes are an integral part of this statement.

**Town of Independence, Louisiana**  
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Statement of Net Position  
 For the Year Ended June 30, 2021

Exhibit D

<b>Fund Balances - Total Governmental Funds (Exhibit C)</b>	\$ 334,563
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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 in the governmental funds.

Governmental Capital Assets	5,863,156
Less: Accumulated Depreciation	(3,925,226)

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Governmental Bonds & Capital Leases	(12,503)
Compensated Absences Payable	-

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.

Net Pension Liability:

Municipal Employees Retirement System of Louisiana	(98,005)
Municipal Police Employees Retirement System of Louisiana	(706,123)

Deferred Outflows of Resources	266,914
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Deferred Inflows of Resources	<u>(54,607)</u>
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<b>Net Position of Governmental Activities (Exhibit A)</b>	<b><u>\$ 1,668,169</u></b>
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The accompanying notes are an integral part of this statement.

**Town of Independence, Louisiana**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Year Ended June 30, 2021

Exhibit E

	General Fund	Special Revenue Fund Innovative Housing Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
Sales Taxes	\$ 852,721	\$ -	\$ -	\$ 852,721
Property Taxes	163,531	-	-	163,531
Utility Franchise	6,965	-	-	6,965
Solid Waste Fees	144,811	-	-	144,811
Licenses and Permits	203,913	-	-	203,913
Fines and Forfeitures	113,848	-	-	113,848
Rental Income	115,982	-	-	115,982
Charges for Services	58,484	-	-	58,484
Intergovernmental	5,801	-	-	5,801
On-Behalf Payments from State	48,017	-	-	48,017
Other Revenues	57,717	-	-	57,717
Interest Income	617	3,670	9	4,296
Grants:				
Cares Act	157,317	-	-	157,317
Facility Planning Grant	102,947	-	-	102,947
<b>Total Revenues</b>	2,032,671	3,670	9	2,036,350
<b>Expenditures:</b>				
Current:				
General Government	265,321	-	-	265,321
Municipal Court	21,948	-	-	21,948
Public Safety	794,738	-	-	794,738
Public Works	24,299	-	-	24,299
Solid Waste	120,711	-	-	120,711
Health and Recreation	246,462	-	-	246,462
Debt Service:				
Principal	224,408	-	-	224,408
Interest	4,330	-	-	4,330
Capital Outlay	194,794	-	-	194,794
<b>Total Expenditures</b>	1,897,011	-	-	1,897,011
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	135,660	3,670	9	139,339
<b>Other Financing Sources (Uses):</b>				
Capital Lease Proceeds	13,504	-	-	13,504
Transfers In / (Out)	59,482	(59,482)	(8)	(8)
Sale of Fixed Assets	7,094	-	-	7,094
<b>Total Other Financing Sources (Uses)</b>	80,080	(59,482)	(8)	20,590
<b>Change in Fund Balances</b>	215,740	(55,812)	1	159,929
<b>Fund Balances (Deficits):</b>				
Beginning of the Year	(53,031)	229,680	(2,015)	174,634
End of the Year	\$ 162,709	\$ 173,868	\$ (2,014)	\$ 334,563

The accompanying notes are an integral part of this statement.

**Town of Independence, Louisiana**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances of the Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2021

Exhibit F

**Net Change in Fund Balances - Total Governmental Funds (Exhibit E)** \$ 159,929

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged in the current period exceeded capital outlay.

Capital Outlay	194,794
Depreciation Expense	(102,479)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities.

Net Change in Pension Expense	(69,534)
Contributions from Non-Employer Contributing Entities	19,661

The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payment of Long-Term Debt	224,408
Capital Lease Proceeds	(13,504)

**Change in Net Position of Governmental Activities (Exhibit B)** \$ 413,275

The accompanying notes are an integral part of this statement.

**Town of Independence, Louisiana**  
**Statements of Net Position – Proprietary Funds**  
**June 30, 2021 and 2020**

Exhibit G

Assets	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2021	2020
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 7,580	\$ 247,682	\$ 255,262	\$ 18,447
Customer Accounts Receivable, Net	12,350	75,867	88,217	92,006
Due from Other Governments	37,452	-	37,452	32,214
Due from General Fund	133,221	-	133,221	187,000
Due from Water Fund	384,540	-	384,540	141,077
Prepaid Items	7,720	-	7,720	8,773
<b>Total Current Assets</b>	582,863	323,549	906,412	479,517
<b>Non-Current Assets:</b>				
<b>Restricted Cash:</b>				
Customer Deposits	-	110,363	110,363	99,525
Construction	-	-	-	-
Debt Service	269,072	238,373	507,445	432,044
<b>Total Non-Current Assets</b>	269,072	348,736	617,808	531,569
<b>Capital Assets:</b>				
Property, Plant, and Equipment, at Cost	9,751,168	5,910,491	15,661,659	15,612,586
Less: Accumulated Depreciation	(3,485,768)	(2,152,843)	(5,638,611)	(5,217,452)
Land	40,708	29,100	69,808	69,808
<b>Total Capital Assets</b>	6,306,108	3,786,748	10,092,856	10,464,942
<b>Total Assets</b>	7,158,043	4,459,033	11,617,076	11,476,028
<b>Deferred Outflows of Resources</b>				
Pension Related	20,594	29,635	50,229	73,543
<b>Total Deferred Outflows of Resources</b>	20,594	29,635	50,229	73,543

(Continued)

**Town of Independence, Louisiana**  
**Statements of Net Position – Proprietary Funds (Continued)**  
**June 30, 2021 and 2020**

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2021	2020
<b>Liabilities</b>				
<b>Current Liabilities (Payable from Current Assets):</b>				
Accounts Payable	\$ 27,611	\$ 10,810	\$ 38,421	\$ 12,507
Accrued Liabilities	2,959	3,879	6,838	5,412
Due to Sewer Fund	-	384,540	384,540	141,077
Current Portion of Capital Lease	-	-	-	8,192
Due to Other Governments	1,096	1,095	2,191	2,191
<b>Total Current Liabilities (Payable from Current Assets)</b>	<u>31,666</u>	<u>400,324</u>	<u>431,990</u>	<u>169,379</u>
<b>Current Liabilities (Payable from Restricted Assets):</b>				
Utility Customer Deposits	-	112,040	112,040	98,410
Current Portion of Long-Term Debt	69,939	40,897	110,836	107,278
<b>Total Current Liabilities (Payable from Restricted Assets)</b>	<u>69,939</u>	<u>152,937</u>	<u>222,876</u>	<u>205,688</u>
<b>Non-Current Liabilities:</b>				
Revenue Bonds	2,961,567	2,337,632	5,299,199	5,410,035
Net Pension Liability	75,918	109,247	185,165	156,597
<b>Total Non-Current Liabilities</b>	<u>3,037,485</u>	<u>2,446,879</u>	<u>5,484,364</u>	<u>5,566,632</u>
<b>Total Liabilities</b>	<u>3,139,090</u>	<u>3,000,140</u>	<u>6,139,230</u>	<u>5,941,699</u>
<b>Deferred Inflows of Resources</b>				
Pension Related	7,257	10,441	17,698	11,187
<b>Total Deferred Inflows of Resources</b>	<u>7,257</u>	<u>10,441</u>	<u>17,698</u>	<u>11,187</u>
<b>Net Position</b>				
Net Investment in Capital Assets	3,274,602	1,408,219	4,682,821	4,939,437
Restricted	269,072	236,696	505,768	325,881
Unrestricted	488,616	(166,828)	321,788	331,367
<b>Total Net Position</b>	<u>\$ 4,032,290</u>	<u>\$ 1,478,087</u>	<u>\$ 5,510,377</u>	<u>\$ 5,596,685</u>

The accompanying notes are an integral part of this statement.



**Town of Independence, Louisiana**  
 Statements of Revenues, Expenses, and Changes in Net Position –  
 Proprietary Funds  
 For the Years Ended June 30, 2021 and 2020

Exhibit H

	Business-Type Activities -		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
<b>Operating Revenues:</b>				
Charges for Services	\$ 446,099	\$ 459,054	\$ 905,153	\$ 876,099
Other Revenue	123	375	498	475
<b>Total Operating Revenues</b>	<u>446,222</u>	<u>459,429</u>	<u>905,651</u>	<u>876,574</u>
<b>Operating Expenses:</b>				
Depreciation and Amortization	257,799	163,360	421,159	415,662
Salaries and Employee Benefits	81,119	116,913	198,032	154,141
Repairs and Maintenance	53,563	70,586	124,149	75,606
Utilities and Telephone	35,293	16,958	52,251	78,838
Supplies	6,906	10,191	17,097	11,829
Professional Fees	29,345	15,400	44,745	59,668
Environmental Testing	46,746	-	46,746	35,121
Insurance	22,313	11,947	34,260	36,307
Bad Debt	-	-	-	-
Vehicle Expense	2,635	3,086	5,721	9,943
Miscellaneous	6,478	22,365	28,843	40,306
Pension Expense	35,293	39,626	74,919	44,474
<b>Total Operating Expenses</b>	<u>577,490</u>	<u>470,432</u>	<u>1,047,922</u>	<u>961,895</u>
<b>Operating Income / (Loss)</b>	(131,268)	(11,003)	(142,271)	(85,321)
<b>Non-Operating Revenues /</b>				
<b>(Expenses):</b>				
Non-Employer Contributions	3,596	5,175	8,771	7,070
Investment Income	1,371	2,037	3,408	2,540
Grant Revenue	-	-	-	4
Sales and Use Tax	213,180	-	213,180	167,395
Sales of Fixed Asset	-	-	-	-
Other Income	-	-	-	1,375
Transfer In- Innovative Housing	-	-	-	8,521
Interest Expense	(95,278)	(74,118)	(169,396)	(172,835)
<b>Total Non-Operating</b>				
<b>Revenues / (Expenses)</b>	<u>122,869</u>	<u>(66,906)</u>	<u>55,963</u>	<u>14,070</u>
<b>Change in Net Position</b>	(8,399)	(77,909)	(86,308)	(71,251)
<b>Net Position - Beginning of Year</b>	<u>4,032,293</u>	<u>1,564,392</u>	<u>5,596,685</u>	<u>5,667,936</u>
<b>Net Position - End of the Year</b>	<u>\$ 4,023,894</u>	<u>\$ 1,486,483</u>	<u>\$ 5,510,377</u>	<u>\$ 5,596,685</u>

The accompanying notes are an integral part of this statement.

**Town of Independence, Louisiana**  
**Statements of Cash Flows – Proprietary Funds**  
**For the Years Ended June 30, 2021 and 2020**

Exhibit I

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers and Users	\$ 446,753	\$ 476,317	\$ 923,070	\$ 897,040
Payments to Suppliers	(188,623)	(146,887)	(335,510)	(361,163)
Payments to Employees	(83,301)	(121,167)	(204,468)	(160,789)
<b>Net Cash Provided by / (Used in) Operating Activities</b>	<b>174,829</b>	<b>208,263</b>	<b>383,092</b>	<b>375,088</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfer In From Other Funds	-	-	-	8,521
Increase / (Decrease) in Amounts Due to Other Funds, Net	(181,285)	235,063	53,778	(84,744)
<b>Net Cash Provided by / (Used in) Noncapital Financing Activities</b>	<b>(181,285)</b>	<b>235,063</b>	<b>53,778</b>	<b>(76,223)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Capital Grants, F.E.M.A Non-Employer Contributions	3,596	5,175	8,771	7,069
Proceeds from Sales Tax Collections	207,942	-	207,942	162,181
Proceeds from Capital Lease	-	-	-	-
Proceeds from Non-Operating Revenues	-	-	-	1,380
Principal Paid on Capital Lease	-	-	-	(8,192)
Interest Paid on Debt	(95,278)	(74,117)	(169,395)	(172,835)
Principal Paid on Debt	(67,610)	(47,859)	(115,469)	(103,839)
Payments for Capital Assets	(38,704)	(10,372)	(49,076)	(31,489)
<b>Net Cash Provided by / (Used in) Capital and Related Financing Activities</b>	<b>9,946</b>	<b>(127,173)</b>	<b>(117,227)</b>	<b>(145,725)</b>
<b>Cash Flows From Investing Activities:</b>				
Interest Earned on Investments	1,371	2,037	3,408	2,540
<b>Net Cash Provided by / (Used in) Investing Activities</b>	<b>1,371</b>	<b>2,037</b>	<b>3,408</b>	<b>2,540</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>4,861</b>	<b>318,190</b>	<b>323,051</b>	<b>155,680</b>
<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b>271,791</b>	<b>278,228</b>	<b>550,019</b>	<b>394,336</b>
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 276,652</b>	<b>\$ 596,418</b>	<b>\$ 873,070</b>	<b>\$ 550,016</b>
<b>Reconciliation of Cash Accounts:</b>				
Unrestricted Cash and Cash Equivalents	\$ 7,580	\$ 247,682	\$ 255,262	\$ 18,447
Restricted Cash and Cash Equivalents	269,072	348,736	617,808	531,569
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 276,652</b>	<b>\$ 596,418</b>	<b>\$ 873,070</b>	<b>\$ 550,016</b>

**Town of Independence, Louisiana**  
**Statements of Cash Flows – Proprietary Funds (Continued)**  
**For the Years Ended June 30, 2021 and 2020**

Exhibit I

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2021	2020
	<b>Reconciliation of Operating Income / (Loss) to Net Cash Provided by / (Used in) Operating Activities:</b>			
Operating Income / (Loss)	\$ (131,268)	\$ (11,003)	\$ (142,271)	\$ (85,321)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) / Operating Activities:				
Depreciation and Amortization	257,799	163,360	421,159	415,662
Changes in Assets and Liabilities:			-	
(Increase) / Decrease in Accounts Receivable	531	3,258	3,789	7,095
(Increase) / Decrease in Internal Balances	-	-	-	-
(Increase) / Decrease in Prepaid Insurance	1,054	-	1,054	(282)
(Increase) / Decrease in Deferred Outflows	9,558	13,755	23,313	33,004
Increase / (Decrease) in Accounts Payable	21,356	4,557	25,913	(259)
Increase / (Decrease) in Accrued Liabilities	1,416	10	1,426	936
Increase / (Decrease) in Net Pension Liability	11,713	16,855	28,568	8,373
Increase / (Decrease) in Deferred Inflows	2,670	3,841	6,511	(3,973)
Increase / (Decrease) in Meter Deposits	-	13,630	13,630	(147)
<b>Net Cash Provided By / (Used In) Operating Activities</b>	<b>\$ 174,829</b>	<b>\$ 208,263</b>	<b>\$ 383,092</b>	<b>\$ 375,088</b>
 <b>Supplemental Disclosure of Cash Flow Information:</b>				
Interest Paid			\$ 169,395	\$ 172,835

The accompanying notes are an integral part of this statement.

## **Notes to the Financial Statements**

## Town of Independence, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2021

### Narrative Profile

The Town of Independence, Louisiana (the “Town”) is a political subdivision of the State of Louisiana and was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor / Board of Aldermen form of government. The Mayor is elected for a four-year term. The Board of Aldermen consists of five Aldermen, each elected from a separate district in the Town and each serving a four-year term of office. The Mayor and each member of the Board of Aldermen are compensated for their service to the Town. The Town provides the following services: public safety (police and fire), streets, drainage, water distribution, wastewater treatment sanitation, culture / recreation, public improvements, planning and zoning, and general and administrative services. Other services include providing water and sewer services.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant components in the Statement include a management discussion and analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations; financial statements prepared using accrual basis accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.); and fund financial statements to focus on the major funds of the Town.

### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Town’s basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

1. The organization is legally separate (can sue and be sued in their own name), incur its own debt, levy its own taxes and charges, expropriate property in its own name, and the right to buy, sell and lease property.
2. The Town appoints a voting majority of the organization’s board.
3. Fiscal interdependency between the Town and potential component units
4. Imposition of will by the Town on the potential component unit and
5. The organization has the potential to impose a financial benefit / burden on the Town.

Based on the aforementioned criteria, the Town has no component units.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

**B. Basic Financial Statements – Government-Wide Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units. The Town's public safety (police and fire), streets, drainage, sanitation, culture / recreation, public improvements, planning and zoning and general and administrative services are classified as governmental activities. The Town's water and sewer utility services are classified as business-type activities.

*Statement of Net Position* – In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

*Statement of Activities* – The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants and contributions. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants and contributions.

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**C. Basic Financial Statements - Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures / expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town does not have any fiduciary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures / expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Major Funds are determined by the following criteria:

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

*Governmental Funds* – Most governmental functions are financed through the governmental funds. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports these governmental funds and fund types:

General Fund – The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Innovative Housing Fund is considered to be a major fund.

Debt Service Funds – Debt Service funds are used to account for, and the payment of, general long-term debt principal, interest, and related costs associated with long-term debt. The Town has no debt service funds.

Capital Projects Fund – accounts for all financial resources used for the acquisition or construction of major capital facilities. The 2010 Revenue Bond Capital Projects Fund and the LCDBG Economic Development Fund are considered to be non-major funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

*Proprietary Funds* – Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and dedication. In accordance with GASB Statement No. 20, the Town has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for proprietary funds.

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 costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. Proprietary funds also distinguish between operating and non-operating items. Operating

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

items generally are the result of providing services in connection with that particular fund's purpose. Operating expenses include cost of sales and services, administrative services, depreciation and other items. All revenues and expenses not meeting this definition are considered non-operating. The Town's Water Enterprise Fund and Sewer Enterprise Fund account for the operations of providing water services and sewer services, respectively.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds, including General and Special Revenue Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Capital assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

The government-wide Statement of Net Position and Statement of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The fund financial statements of the General and Special Revenue Funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The Town considers most revenues "available" if they are collected within 60 days after the fiscal year end. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end, but which are not available are deferred. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The Statement of Net Position, the Statement of Activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

**E. Budgets and Budgetary Accounting**

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual budgets of state and local governments and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their budgets over the course of the year for a variety of reasons. As a result, the Town's original budget is shown along with the comparison of the final budget and actual results.



**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits this budget to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of 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.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. At the end of the year, any unexpended appropriations automatically lapse. In connection with budget preparation, a portion of unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designations represent the extent to which the fund balance is used to balance the subsequent year's operating budget.
7. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedules for the General and Special Revenue Funds present actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

F. Cash, Cash Equivalents, and Investments

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Town's investment options include, but are not limited to, United States Treasury Bonds, Treasury notes, or fully collateralized certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost. The Town has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

For purposes of the statement of cash flows, liquid investments of the enterprise funds with a maturity of three months or less are considered to be cash equivalents.

G. Receivables

In government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables are recognized as bad debts and directly charged off at the time information becomes available which indicates the receivable is not collectible. In governmental fund types, the uncollectible amount is charged to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available that a receivable is not collectible. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. An allowance for doubtful accounts of \$24,200 was recorded in the proprietary funds on June 30, 2021.

H. Short-Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from / due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables / payables. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the Town's capitalization threshold of \$1,000 is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the Town has elected to report its infrastructure retroactively. Interest incurred during construction is capitalized on a government-wide basis.

Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Infrastructure is capitalized by estimate using current replacement cost for a similar asset and deflating this cost using price indices to the acquisition year. The Town does not capitalize historical treasures or works of art. The Town maintains many items and buildings of historical significance. The Town does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	7 - 40	Years
Infrastructure	15 - 40	Years
Furniture and Equipment	5 - 10	Years
Heavy Equipment	5 - 10	Years
Vehicles	5 - 10	Years
Utilities	5 - 50	Years

**J. Long-Term Obligations**

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**K. Compensated Absences**

The Town's policy is to allow employees' vacation pay based on employee classification and length of service. Vacation pay is non-cumulative with any unpaid amounts paid to employees upon separation from Town's service. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. At June 30, 2021, \$1,000 was recorded as unused vacation pay in the General Fund. \$736 was recorded as unused vacation pay in the Water and Sewer Enterprise Fund.

The Town's employees earn sick pay benefits based on length of service. Employees may accumulate sick leave benefits up to a maximum of 360 days. Sick pay benefits have not been accrued, as the employee's right to sick pay benefits, although cumulative, do not vest.

**L. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's two pension plans and additions to / deductions from the plans' fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. Net Position**

In the government-wide and proprietary fund statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

N. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of the Town Charter, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action by Board of Aldermen ordinances or resolutions.
4. Assigned Fund Balance – amounts that are constrained by the Town’s intent that they will be used for specific purposes. The Board of Aldermen is the only body authorized to assign amounts for a specific purpose and is the highest level of decision-making.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The Town considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. When an expense is incurred that can be paid from either restricted or unrestricted resources (net position), the Town’s policy is to apply the expenditure in the following priority: restricted, committed, assigned, and then unassigned fund balance.

O. Interfund Transactions

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

P. Dedication of Proceeds of Flow of Funds – Sales and Use Tax

Sales and use taxes of two and one-half percent are levied on taxable sales within the Town. The sales tax is collected by the Tangipahoa Parish School Board, Sales Tax Division, and remitted to the Town in the month following receipt by the School Board. The School Board receives the sales tax approximately one month after collection by vendors. Sales taxes uncollected by Tangipahoa Parish in June and July

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

(which represent sales for May and June) and received by the Town in July and August have been accrued as of June 30, 2021.

- 1966 1% Sales and Use Tax

The proceeds of the 1966 1% sales and use tax levied by the Town (current collections were \$426,361 for the year ended June 30, 2021) were dedicated for the payment of the 1967 Public Improvement Bonds. As of April 1, 1992, these March 14, 1967, Public Improvement Bonds were paid in full and the sales tax is no longer dedicated for payment of these bonds and are now used for general government expenditures. Accordingly, the entire fund balance was transferred to the General Fund in a prior year. On January 11, 2010, the Town issued \$300,000.00 of Taxable Revenue Bonds, Series 2010 to fund improvements to a building owned by the Town and leased to a commercial business. As of June 30, 2021, these bonds were paid in full. Sales Tax is no longer dedicated for payment of these bonds.

- 1982 1% Sales and Use Tax

The proceeds of the 1982 1% sales and use tax levied by the Town (current collections were \$426,360 for the year ended June 30, 2021) were originally dedicated for the following purpose: constructing, acquiring, extending, improving, operating and / or maintaining sewers and sewerage disposal works for the Town, constructing, paving, widening, and improving streets in the Town and for construction, acquiring, extending, improving, operating and / or maintaining waterworks facilities.

On October 2, 2010, voters of the Town approved a proposition to amend the original sales tax dedication to include any lawful corporate purposes of the Town. As a result of this proposition, the remaining balances in the 1982 Sales Tax Fund were transferred to the General Fund through a residual equity transfer. On January 11, 2010, the Town issued \$300,000.00 of Taxable Revenue Bonds, Series 2010 to fund improvements to a building owned by the Town and leased to a commercial business. These bonds are secured by a pledge and dedication of the excess of annual revenues of the Town including the proceeds of the 1982 1% sales and use tax. As of June 30, 2021, these bonds were entirely paid off. Sales Tax is no longer dedicated for payment of these bonds.

- 1980 ½% Sales and Use Tax (Enterprise Fund)

The proceeds of the 1980 ½% sales and use tax levied by the Town (current collections were \$213,180 for the year ended June 30, 2021) were dedicated for the payment of the \$290,000 Public Improvement Bonds. This tax expired January 3, 2005, but collection of the tax continued beyond the date of expiration. On March 31, 2007, a special election was held, and the voters approved a proposition to continue to levy this tax. As of March 9, 2005, these \$290,000 Public Improvement Bonds were paid in full, and the sales tax is no longer dedicated for payment of these bonds. On July 9, 2013, the Town issued \$2,632,000.00 of Sewer Revenue Bonds, Series 2014 to fund improvements to the Town's sewer system. These bonds are secured by a pledge and dedication of the excess of annual revenues of the Town including the proceeds of the 1980 ½% sales and use tax.

Q. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

**2. Stewardship, Compliance, and Accountability**

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. The Town was in compliance with the Louisiana Local Government Budget Act for the General Fund. However, the Town was not in compliance with the Louisiana Local Government Budget Act for the Innovative Housing Fund.

B. Deposits, Investment Laws, and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at lower of market or par. As reflected in Note 3 regarding cash, cash equivalents, and investments, the Town was in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2021, the General Fund had a fund balance of \$162,709.

D. Compliance with Bond Covenants

On June 30, 2021, the Town was not in compliance with the requirements of the outstanding \$2,632,000 Sewer Revenue Bonds, Series 2015 as several required reserve accounts were underfunded. The Town was in compliance with all other bond covenants.

**3. Cash, Cash Equivalents, and Investments**

On June 30, 2021, the Town had cash and cash equivalents (book balances) totaling \$945,825. These deposits are stated at cost, which approximates market.

	<u>Statement of Net Position</u>
Cash and Cash Equivalents	\$ 328,017
Restricted Cash and Cash Equivalents	<u>617,808</u>
<b>Total Interest-Bearing Deposits</b>	<u><u>\$ 945,825</u></u>

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$714,611 of the Town's cash was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the Town and the fiscal agent bank.

Under state law, these deposits 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. LRS 39:1229 imposes a

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

requirement on the custodian 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.

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

**4. Restricted Cash**

Restricted cash is related to utility customer deposits and reserve amounts required in debt service agreements. Restricted cash on June 30, 2021, was as follows:

	Governmental Activities	Business- Type Activities	Total
Debt Service	\$ -	\$ 507,445	\$ 507,445
Customer Meter Deposits	-	110,363	110,363
<b>Total</b>	<u>\$ -</u>	<u>\$ 617,808</u>	<u>\$ 617,808</u>

**5. Receivables**

As of June 30, 2021, the accounts receivable and due from other governments for governmental activities were as follows:

	General Fund	Special Revenue Funds	Total Governmental Funds
Receivables:			
Franchise Fees	\$ 18,631	-	\$ 18,631
2% Fire Insurance Rebate	7,891	-	7,891
Worker's Comp Refund	42,706	-	42,706
Total Governmental Fund Receivables, Net	<u>\$ 69,228</u>	<u>\$ -</u>	<u>\$ 69,228</u>
Due From Other Governments:			
Sales and Use Tax	\$ 149,810	\$ -	\$ 149,810
Tax on Insurance Premiums	27,977	-	27,977
Beer Tax	1,531	-	1,531
Grants Receivable	86,825	-	86,825
Total Due From Other Governments	<u>\$ 266,143</u>	<u>\$ -</u>	<u>\$ 266,143</u>

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

As of June 30, 2021, the accounts receivable and due from other governments for business-type activities were as follows:

Accounts Receivable:	
Utility Charges	\$ 112,417
Other	-
Less: Uncollectible Allowance	<u>(24,200)</u>
Total Proprietary Fund Receivables, Net	<u>\$ 88,217</u>
Due From Other Governments:	
Sales and Use Tax	\$ 37,452
Grants	-
Less: Uncollectible Allowance	<u>-</u>
Total Due From Other Governments	<u>\$ 37,452</u>

**6. Concentration of Credit Risk – Proprietary Funds**

Accounts receivable and related user fees from utility customers were comprised largely of amounts due from residents in the Town. Most customers have made deposits to partially secure their outstanding balance.

**7. Notes Receivable – Innovative Housing Grant Program**

The Town, through a grant program, received mortgage notes from individuals for residential and small business projects. These notes (7 outstanding as of June 30, 2021) are payable to the Town over a long-term payment schedule. The notes range in maturity, with interest between 1 and 3 percent and are secured by the improved real estate. As of June 30, 2021, the total outstanding balance of the notes was \$154,188.



**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

**8. Capital Assets**

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 100,150	\$ -	\$ -	\$ 100,150
<b>Total Capital Assets Not Being Depreciated</b>	100,150	-	-	100,150
<b>Capital Assets:</b>				
Building	1,837,815	177,590	-	2,015,405
Vehicles and Equipment	679,348	17,204	-	696,552
Infrastructure	3,051,049	-	-	3,051,049
<b>Total Capital Assets</b>	5,568,212	194,794	-	5,763,006
<b>Less: Accumulated Depreciation:</b>				
Building	574,405	52,046	-	626,451
Vehicles and Equipment	560,816	37,535	-	598,351
Infrastructure	2,687,526	12,898	-	2,700,424
<b>Total Accumulated Depreciation</b>	3,822,747	102,479	-	3,925,226
<b>Total Governmental Capital Assets, Net</b>	<u>\$ 1,845,615</u>	<u>\$ 92,315</u>	<u>\$ -</u>	<u>\$ 1,937,930</u>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>	
General Government	\$ 28,110
Public Safety	25,384
Public Works	<u>48,985</u>
<b>Total</b>	<u>\$ 102,479</u>

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 69,808	\$ -	\$ -	\$ 69,808
<b>Total Capital Assets Not Being Depreciated</b>	69,808	-	-	69,808
<b>Capital Assets:</b>				
Vehicles and Equipment	661,258	30,122	-	691,380
Water & Sewer Lines	9,230,299	10,955	-	9,241,254
Water Storage Tanks	1,753,115	-	-	1,753,115
Water Wells	432,698	2,426	-	435,124
Sewer Treatment Plan	2,672,651	-	-	2,672,651
Sewer Pumps and Lift Stations	862,563	5,572	-	868,135
<b>Total Capital Assets</b>	15,612,584	49,075	-	15,661,659
<b>Less: Accumulated Depreciation:</b>				
Vehicles and Equipment	496,561	54,571	-	551,132
Water & Sewer Lines	1,976,171	223,362	-	2,199,533
Water Storage Tanks	316,234	50,318	-	366,552
Water Wells	179,417	7,398	-	186,815
Sewer Treatment Plan	1,477,790	67,310	-	1,545,100
Sewer Pumps and Lift Stations	771,278	18,201	-	789,479
<b>Total Accumulated Depreciation</b>	5,217,451	421,160	-	5,638,611
<b>Total Business-Type Capital Assets, Net</b>	<u>\$ 10,464,941</u>	<u>\$ (372,085)</u>	<u>\$ -</u>	<u>\$ 10,092,856</u>

## 9. Capital Leases

On July 17, 2017, the Town entered into a lease purchase agreement to purchase a Utility Cab Tractor. The lease was for 48 months with sixteen payments of \$2,047.90 paid quarterly. The lease contained a bargain purchase agreement of \$100 at the end of the lease. At June 30, 2021, the Town recorded an asset of \$32,768 with accumulated depreciation of \$12,834. The lease was entirely paid off as of June 30, 2021.

In November 2018, the Town entered into a lease purchase agreement with Bancorp South Equipment Finance for the purchase of a Bush Hog 3510 Cutter. The lease is for 36 months with 36 monthly payments at an interest rate of 4.5%. Title is passed to the Town at the expiration of the lease for no further consideration. At June 30, 2021, the Town recorded an asset of \$11,600 with accumulated depreciation of \$4,557. The balance of the lease is \$1,367 with a current maturity of \$1,367 as of June 30, 2021.

On July 21, 2020 the town entered into a lease purchase agreement with Bancorp South Equipment Finance for the purchase of a Lawn Mower. The lease is for 48 months with 48 monthly payments at an interest rate of 2.85%. The lease contains a bargain purchase agreement at the end of the lease. At June 30, 2021, the town recorded an asset of \$13,504 with accumulated depreciation of \$1,768. The balance of the lease is \$11,136 with a current of maturity of \$3,319 as of June 30, 2021.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Amortization schedules of the outstanding Capital Leases including interest expense of \$499 is as follows:

Lawn Mower Year End	Lease Payments	Bush Hog Cutter Year End	Lease Payments
06/30/22	\$ 3,576	06/30/22	\$ 1,380
06/30/23	3,576		-
06/30/24	3,576		-
06/30/25	894		-
	<u>\$ 11,622</u>		<u>\$ 1,380</u>

**10. Long-Term Debt**

The Town's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. The following is a summary of long-term liabilities of the Town for the year ended June 30, 2021:

	Total Debt 6/30/2020	Increase in Debt	Debt Retired	Total Debt 6/30/2021	Due in One Year
Revenue Bonds	\$ 5,642,314	\$ -	\$ 232,279	\$ 5,410,035	\$ 110,836
Limited Tax Bonds	93,000	-	93,000	-	-
<b>Total</b>	<u>\$ 5,735,314</u>	<u>\$ -</u>	<u>\$ 325,279</u>	<u>\$ 5,410,035</u>	<u>\$ 110,836</u>

Governmental Activities:

\$300,000 Revenue Bonds dated March 1, 2010; Due in bi-annual installments of \$27,325 - \$31,160 until January 1, 2025; Interest at 6.0%; Payable from a pledge of excess of the annual revenues of the Town above statutory, necessary, and usual charges.

\$ -

\$150,000 Limited Tax Bonds, Series 2015 dated January 29, 2015; Due in bi-annual installments of interest and principal payments not exceeding \$14,963 through March 1, 2027; Interest at 2.75%; Payable from a pledge of excess revenues of the Town above statutory, necessary and usual charges.

-

As of June 30, 2021, all debt in the Governmental funds has been retired.

**Total Governmental Activities**

\$ -

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Business-Type Activities:

\$975,000 Sewer Revenue Bond dated December 16, 1997; Due in monthly installments of \$4,388 through December 16, 2037; Interest at 4.5%; Payable from a pledge of the Town's revenues of the Sewer System	\$ 609,390
\$1,425,000 Water Revenue Bonds dated January 21, 2015; Due in monthly installments of \$4,974 through January 21, 2055; Interest at 2.75%; Payable from a pledge of the Town's revenues of the Water System.	1,305,442
\$1,150,000 Water Revenue Bonds dated May 21, 2015; Due in monthly installments of \$4,508 through January 21, 2055; Interest at 3.50%; Payable from a pledge of the Town's revenues of the Water System.	1,073,089
\$2,632,000 Sewer Revenue Bonds dated, April 28, 2015; Due in monthly installments of \$9,186 through April 16, 2055; Interest at 2.75%; Payable from a pledge of the Town's revenues of the Water System.	2,422,114

<b>Total Business-Type Activities</b>	<b><u>\$ 5,410,035</u></b>
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An amortization schedule of the outstanding long-term debt of the Business-Type Activities including interest expense of \$3,005,747 is as follows:

Year End	Business Activities				Totals	
	Sewer		Water			
	Series 2015	Revenue Bond	Revenue Bond	Series 2015 A		Series 2015 B
06/30/22	\$ 110,232	\$ 9,612	\$ 43,044	\$ 54,096	\$ 59,688	\$ 276,672
06/30/23	110,232	9,612	43,044	54,096	59,688	276,672
06/30/24	110,232	9,612	43,044	54,096	59,688	276,672
06/30/25	110,232	9,612	43,044	54,096	59,688	276,672
06/30/26	110,232	9,612	43,044	54,096	59,688	276,672
2027 - 2055	3,168,847	109,482	489,618	1,563,890	1,700,585	7,032,422
<b>Total</b>	<b><u>\$ 3,720,007</u></b>	<b><u>\$ 157,542</u></b>	<b><u>\$ 704,838</u></b>	<b><u>\$ 1,834,370</u></b>	<b><u>\$ 1,999,025</u></b>	<b><u>\$ 8,415,782</u></b>

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

**11. Bond Compliance Requirements**

***\$2,632,000 Sewer Revenue Bonds, Series 2014***

These bonds were approved via a board resolution on July 9, 2013. These bonds shall mature no later than forty years and bear an interest rate not exceeding 2¾% per annum. The bonds shall be paid solely from the income and revenues derived by the Town from the operation of the sewer system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of the system be deposited in a “Sewer Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Sewer Revenue Fund as follows:

Each month, there will be set aside into a fund called the “Sewer Revenue Bond and Interest Sinking Fund” (Sinking Fund) an amount to pay promptly and fully the principal of and the interest on the Bond except with regard to the Bond during the first year, a sum equal to 1/12 of the interest falling due on the first payment date. The payments will continue monthly until April 2055, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the Sinking Fund.

There shall also be set aside into a “Sewer Revenue Bond Reserve Fund” (Reserve Fund) an amount equal to 5% of the amount paid into the Sinking Fund until the Reserve Fund has accumulated an amount equal to the highest principal and interest falling due in any fiscal year payable from the Sinking Fund.

There shall also be set aside into a “Sewer Depreciation and Contingency Fund” (Contingency Fund) an amount equal to 5% of the amount paid into the sinking fund. When a sum equal to the Reserve Fund requirement has been accumulated in the Reserve Fund, an amount equal to 10% of the amount being paid monthly into the Sinking Fund shall be paid into the Contingency Fund.

Funds will also be set aside into a “Sewer Short-Lived Assets Fund” (Asset Fund) in an amount equal to \$1,353 over the life of the Bonds to provide maintenance and replacement of short-lived assets.

The bond resolution also requires the Town to maintain sewer rates which will provide revenues in each year, after paying all reasonable and necessary expenses of operating the Sewer System, of at least 120% of the largest bond principal and interest payments in any future fiscal year.

The Town was not in compliance with the bond covenants as the sewer system revenues were not deposited into a separate Sewer Revenue Fund as required, sewer system expenses were not paid from the Sewer Revenue Fund as required, the Sewer Revenue Bond Reserve Fund was underfunded at June 30, 2021, by \$26,550 and the Sewer Depreciation and Contingency Fund was underfunded at June 30, 2021, by \$20,062.

***\$1,150,000 Water Revenue Bonds, Series 2015A***

These bonds were approved via a board resolution dated August 13, 2013. These bonds will be payable over a period not exceeding forty years and bear an interest rate not exceeding 4¼% per annum. The Bonds shall be paid solely from the income and revenues derived by the Town from the operation of the water system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolution requires the revenues earned from operations of system be deposited in a “Water System Revenue Fund.” After payment of all reasonable and necessary costs and expenses of

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

maintaining the system, certain monthly payments must be made from the Water System Revenue Fund as follows:

Each month, there will be set aside into a fund called the “Waterworks Revenue Bond and Interest Sinking Fund” (Sinking Fund) an amount to pay promptly and fully the principal of and the interest on the Bond except with regard to the Bond during the first year a sum equal to 1/12 of the interest falling due on the first payment date. The payments will continue monthly until May 2055, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the Sinking Fund.

There shall also be set aside into a “Water Revenue Bond Reserve Fund” (Reserve Fund) an amount equal to 5% of the amount paid into the Sinking Fund until the Reserve Fund has accumulated an amount equal to the highest principal and interest falling due in any fiscal year payable from the Sinking Fund.

There shall also be set aside into a “Waterworks Depreciation and Contingency Fund” (Contingency Fund) an amount equal to 5% of the amount paid into the Sinking Fund. When a sum equal to the Reserve Fund requirement has been accumulated in the Reserve Fund, an amount equal to 10% of the amount being paid monthly into the Sinking Fund shall be paid into the Contingency Fund.

The bond resolution also requires the Town to maintain water rates which will provide revenues in each year, after paying all reasonable and necessary expenses of operating the Water System, of at least 120% of the largest bond principal and interest payments in any future fiscal year.

The Town was in compliance with the bond covenants at June 30, 2021.

***\$1,425,000 Water Revenue Bonds, Series 2015B***

These bonds were approved via a board resolution dated July 9, 2013. These bonds will be payable over a period not exceeding forty years and bear an interest rate not exceeding 2¾% per annum. The Bonds shall be paid solely from the income and revenues derived by the Town from the operation of the water system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of system be deposited with the Town’s fiscal agent bank in a “Water System Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Water System Revenue Fund as follows:

Each month, there will be set aside into a fund called the Water Revenue Bond and Interest Sinking Fund (Sinking Fund) an amount to pay promptly and fully the principal of and the interest on the Bond except with regard to the Bond during the first year a sum equal to 1/12 of the interest falling due on the first payment date. The payments will continue monthly until January 2055, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the Sinking Fund.

There shall also be set aside into a “Water Revenue Bond Reserve Fund” (Reserve Fund) an amount equal to 5% of the amount paid into the Sinking Fund until the Reserve Fund has accumulated an amount equal to the highest principal and interest falling due in any fiscal year payable from the Sinking Fund.

There shall also be set aside into a “Waterworks Depreciation and Contingency Fund” (Contingency Fund) an amount equal to 5% of the amount paid into the sinking fund. When a sum equal to the

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Reserve Fund requirement has been accumulated in the Reserve Fund, an amount equal to 10% of the amount being paid monthly into the Sinking Fund shall be paid into the Contingency Fund.

Funds will also be set aside into a "Waterworks System Short-Lived Assets Fund" (Asset Fund) in an amount equal to \$1,833 over the life of the Bonds to provide maintenance and replacement of short-lived assets.

The bond resolution also requires the Town to maintain water rates which will provide revenues in each year, after paying all reasonable and necessary expenses of operating the Water System, of at least 120% of the largest bond principal and interest payments in any future fiscal year.

The Town was in compliance with the bond covenants at June 30, 2021.

***\$300,000 Revenue Bonds***

These bonds were approved via a board resolution dated December 14, 2009. These bonds will be payable over a period not exceeding 15 years and bear an interest rate not exceeding 7.0% per annum. The Bonds shall be paid from the excess revenues of the Town. The bond resolutions require the revenues from the tax be deposited with in a "Town of Independence – Excess Revenue Bond Sinking Fund". The Town will deposit a sum equal to the principal and / or interest falling due on the Bonds in that calendar year, together with such additional proportionate sum as may be required to pay said principal and interest as the same become due and any amount required to pay charges of the Paying agent. At June 30, 2021, the \$300,000 Revenue Bonds were paid in full.

***\$150,000 Limited Tax Bonds, Series 2015***

These bonds were approved via a board resolution dated November 11, 2014. These bonds will be payable over a period not exceeding 11 ½ years and bear an interest rate not exceeding 2¾% per annum. The Bonds shall be paid solely from tax revenues derived by the Town's 6.23 mill property tax. The bond resolutions require the revenues from the tax be deposited with in a "Town of Independence Limited Tax Bonds (2015) Sinking Fund." The Town will deposit a sum equal to the principal and / or interest falling due on the Bonds in that calendar year, together with such additional proportionate sum as may be required to pay said principal and interest as the same become due and any amount required to pay charges of the Paying agent. At June 30, 2021, the \$150,000 Limited Tax Bonds, Series 2015 were paid in full.

***\$975,000 Sewer Revenue Bonds***

The Town, through its governing authority, adopted a resolution on March 11, 1997, authorizing the issuance of \$975,000 Sewer Revenue Bonds and entering into certain covenants in connection with the security and payment of said bonds. The proceeds of these bonds are to be used to finance a portion of the cost of acquiring and constructing improvements, extensions, and replacements to the Town's sewerage system.

The bond resolutions require that revenues earned from the operation of the Sewer System be deposited with the Town's fiscal agent bank in a Sewer Revenue Fund. After the payment of all reasonable and necessary costs and expenses of operating and maintaining the system, certain monthly payments must be made from the Sewer Revenue Fund as follows:

Each month, there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

outstanding bonds. The payments will continue monthly until December 2037, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 5% of the principal and interest payments required during the current fiscal year until such fund reaches an amount of \$60,000. On January 1, 2005, the reserve requirement was reduced to \$52,650. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a Sewer Depreciation and Contingency Fund at the rate of \$318 per month. Money in this fund may be used for the making of repairs or replacements to the system that are necessary to keep it in operating condition. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The bond resolution also requires the Town to maintain sewer rates which will provide revenues in each year, after paying all reasonable and necessary expenses of operating the Sewer System, the principal and interest maturing on the Bonds each year, all reserves or sinking funds or other payments require for the year, of at least 110% of the largest bond principal and interest payments in any future fiscal year.

The Town was in compliance with the bond covenants at June 30, 2021.

## **12. Employee Pension Plans**

### **A. Municipal Employees' Retirement System of Louisiana**

#### ***General Information about the Pension Plan***

Plan Description – Employees of the Town are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at [www.mersla.com/annual-reports](http://www.mersla.com/annual-reports). The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809, or by calling (225) 925-4810.

Benefits Provided – The System provides retirement, disability, and death benefits under two separate plans – Plan "A" and Plan "B." The Town is enrolled in Plan "B."

Under Plan "A" Retirement benefits are generally determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits under age 60 with 5 years of service.



**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Under Plan "B" Retirement benefits are generally determined as 2.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 30 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits with 10 years of service at any age. Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions – Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees.

Under Plan "B" Employees are required to contribute 5.00% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2021, was 15.50 % of annual payroll. Contributions to the System from the Town were \$48,932 for the year ended June 30, 2021.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the Town reported a liability of \$283,170 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2021, contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2021, the Town recognized pension expense of \$54,812. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	8,776	-
Changes of Experience	-	4,765
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	30,742	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	1,779	22,300
Town Contributions Subsequent to the Measurement Date	-	-
	35,519	-
	\$ 76,816	\$ 27,065

\$35,519 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended:</b>	
June 30, 2021	\$ 4,920
June 30, 2022	(2,194)
June 30, 2023	7,004
June 30, 2024	4,503
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases:	
1-4 Years of Service	7.40%
More Than 4 Years of Service	4.90%
Investment Rate of Return	7.00%

Mortality rates were based on the PubG-2010(B) Employee Table for active members, the PubG-2010(B) Healthy Retiree Table for healthy annuitants, and the PubG-2010(B) Disabled Retiree Tables for disabled annuitants for Males or Females, as appropriate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Total	100.00%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

Discount Rate – The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the employer’s the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.95%) or one percentage-point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

	1.0% Decrease 5.95%	Current Discount Rate 6.95%	1.0% Increase 7.95%
Town's Proportionate Share of the Net Pension Liability	\$ 376,953	\$ 283,170	\$ 203,818

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

**B. Municipal Police Employees' Retirement System of Louisiana**

***General Information about the Pension Plan***

Plan Description – Police officers of the Town participate in the Municipal Police Employees' Retirement System of Louisiana (the "Police System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at [www.lampers.org/auditreports.htm](http://www.lampers.org/auditreports.htm). The report may also be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, LA 70809-7601, or by calling (225) 99-7411.

Benefits Provided – The Police System provides retirement, disability, and death benefits.

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3 1/3% of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100%. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

For employees that became members of the Police System after to January 1, 2013, retirement benefits are divided into two sub-plans – Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under both plans, retirement benefits are determined as 3% (for Hazardous Duty members) and 2 1/2% (Non Hazardous Duty members) of the employee's average final compensation based on the highest 60 consecutive months of pay multiplied by the employee's years of creditable service, not to exceed 100%.

Cost of living increases cannot exceed 3% of the retiree's current benefit. The Fire System is authorized to provide an additional 2% cost of living increase, computed on the member's original benefit, to all regular retirees, disability, survivors, and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

Contributions – Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10.00% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2021, was 33.75% of annual payroll. Contributions to the Police System from the Town were \$103,713 for the year ended June 30, 2021.

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the Town reported a liability of \$706,123 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.076401%, compared to 0.070759%, at June 30, 2020 and 0.065900% at June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$76,569. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 27,814
Changes of Assumptions	16,779	17,426
Changes of Experience	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,714	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	58,828	-
Town Contributions Subsequent to the Measurement Date	80,007	-
	\$ 240,328	\$ 45,240

\$80,007 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended:</b>	
June 30, 2021	28,643
June 30, 2022	42,881
June 30, 2023	27,472
June 30, 2024	16,085
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

Salary Increases, Including Inflation & Merit	<u>Service Years</u>	<u>Growth Rate</u>
	1-2	12.30%
	3-23	4.70%
	Over 23	4.70%
Investment Rate of Return	6.950%, Net of Investment Expense	

Mortality rates were based on the Pub-2010 Public Retirement Plan Mortality Tables for active members, healthy annuitants, and disabled annuitants, as appropriate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50	3.08%
Fixed Income	33.50	0.54%
Alternatives	18.00	1.02%
Other	-	-
Total	100.00%	4.64%
Inflation		2.55
Expected Nominal Return		7.19%

Discount Rate – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee (“PRSAC”) taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the participating employers calculated using the

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 5.950%, or one percentage point higher, 7.950% than the current rate as of June 30, 2020.

	1.0% Decrease (5.95%)	Current Discount Rate (6.95%)	1.0% Increase (7.95%)
Town's Proportionate Share of the Net Pension Liability	\$ 992,028	\$ 706,123	\$ 467,119

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Police System financial report.

**13. Interfund Transactions**

*Interfund Receivable and Payable Balances*

The primary purpose of interfund receivables / payables is to loan monies between funds to cover current expenditures. All interfund receivables / payables are considered short-term and are expected to be repaid within the next year. Individual fund balances due from / to other funds at June 30, 2021, are as follows:

	Due From	Due To
<b>General Fund:</b>		
Due from Enterprise Fund	\$ 30,743	\$ -
Due to Utility Fund	-	133,221
<b>Innovative Housing:</b>		
Due from Economic Development	3,658	-
<b>Economic Development:</b>		
Due to Innovative Housing	-	3,658
<b>Enterprise Fund:</b>		
Due from General Fund	133,221	-
Due to General Fund	-	30,743
Total All Funds	\$ 167,622	\$ 167,622

**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

*Interfund Transfers*

The following is a summary of the operating transfers between funds during the fiscal year ending June 30, 2021.

	Transfers In	Transfers Out
<b>General Fund</b>	\$ 59,490	\$ -
<b>Capital Projects Fund</b>	-	8
<b>Special Revenue Funds:</b>		
Innovative Housing Fund	-	59,482
<b>Total All Funds</b>	\$ 59,490	\$ 59,490

**14. Tax Revenues**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All property taxes are recorded in governmental funds, as explained in Note 1. Revenues in governmental funds are recognized in the period in which they become available and measurable. Ad valorem taxes attach as an enforceable lien on property on January 1 of each year. Taxes are levied by the Town during the year and are billed to the taxpayers in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Tangipahoa Parish.

For the year ended June 30, 2021, taxes of 16.23 mills were levied on property with taxable assessed valuations totaling \$8,493,437 and were dedicated to general government (6.23 mills), police protection (5.00 mills), and fire protection (5.00 mills). Current year taxes levied were \$137,680. At June 30, 2021, taxes receivable were \$-0- and the allowance for uncollectible ad valorem taxes was \$-0-.

**15. On-Behalf Payments for Salaries and Benefits**

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the Town reports in its financial statements on-behalf salary and fringe benefit payments made by the state to certain Town employees.

The State of Louisiana makes supplementary salary payments to certain groups of employees. The Town is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure



**Town of Independence, Louisiana**  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2021

payments is the actual state contribution. For fiscal year 2021, the state paid supplemental salaries to the police employees of the Town. The Town is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments.

On-behalf payments recorded as revenues and expenditures in the financial statements are as follows:

	State Supplemental Salaries
Policemen Supplemental Pay	\$ 48,017
<b>Total On-Behalf Payments</b>	<b>\$ 48,017</b>

**16. Commitments and Contingencies**

*Suits and Claims*

Various suits and claims arising in the ordinary course of operations are pending against the Town. The majority of the cases are either covered by insurance or other defenses; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of Town management that the ultimate resolution of any unrecorded litigation will not have a material effect on the financial position of the Town.

*Risk Management*

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the prior year.

*Grants*

The Town receives federal and state grants for the specific purposes that are subject to audit by grantor agencies. Such audits may lead to requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. Management's opinion is that compliance with the terms of grants will result in negligible, if any, disallowed costs.

**17. Subsequent Events**

Subsequent events were evaluated by management through December 13, 2021, the date the financial statements were available for issuance.

The Town was awarded \$700,130.54 under the American Rescue Program. On October 1, 2021, the Town received a payment for one half of the amount equal to \$350,065.27.

In July 2021, the Town entered into a capital lease purchase agreement to purchase an excavator for \$68,947. The excavator was purchased on Louisiana State Contract and is payable in 60 months at 3.99% interest.

**Required Supplemental Information (Part II)**

**Town of Independence, Louisiana**  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – General Fund  
For the Year Ended June 30, 2021

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
<b>Revenues:</b>				
Taxes:				
Sales Taxes	\$ 639,200	\$ 826,800	\$ 852,721	\$ 25,921
Property Taxes	175,400	175,400	163,531	(11,869)
Utility Franchise	8,500	8,500	6,965	(1,535)
Solid Waste Fees	142,800	144,600	144,811	211
Licenses and Permits	195,600	194,500	203,913	9,413
Fines and Forfeitures	135,000	107,600	113,848	6,248
Rental Income	108,400	108,400	115,982	7,582
Charges for Services	58,100	58,400	58,484	84
Intergovernmental	13,400	13,400	5,801	(7,599)
On-Behalf payments from State	49,000	48,000	48,017	17
Other Revenues	23,300	15,400	57,717	42,317
Interest Income	500	700	617	(83)
Grants:				
Cares Act	-	157,300	157,317	17
Facility Planning Grant	-	100,000	102,947	2,947
<b>Total Revenues</b>	<u>1,549,200</u>	<u>1,959,000</u>	<u>2,032,671</u>	<u>73,671</u>
<b>Expenditures:</b>				
Current:				
General Government	243,000	251,800	265,321	(13,521)
Municipal Court	29,500	21,500	21,948	(448)
Public Safety	823,174	799,700	794,738	4,962
Public Works	24,300	45,700	24,299	21,401
Solid Waste	121,600	120,700	120,711	(11)
Health and Recreation	256,700	248,600	246,462	2,138
Debt Service				
Principal	45,400	218,000	224,408	(6,408)
Interest	-	7,900	4,330	3,570
Capital Outlay	-	136,300	194,794	(58,494)
<b>Total Expenditures</b>	<u>1,543,674</u>	<u>1,850,200</u>	<u>1,897,011</u>	<u>(46,811)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	5,526	108,800	135,660	26,860
<b>Other Financing Sources:</b>				
Capital Lease Proceeds	-	-	13,504	13,504
Transfers In	25,300	59,500	59,482	(18)
Sale of Fixed Assets	-	7,100	7,094	(6)
<b>Total Other Financing Sources</b>	<u>25,300</u>	<u>66,600</u>	<u>80,080</u>	<u>13,480</u>
<b>Change in Fund Balances</b>	30,826	175,400	215,740	40,340
<b>Fund Balances:</b>				
Beginning of the Year,	(56,907)	(53,031)	(53,031)	-
End of the Year	<u>\$ (26,081)</u>	<u>\$ 122,369</u>	<u>\$ 162,709</u>	<u>\$ 40,340</u>

See independent auditor's report.

**Town of Independence, Louisiana**  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – Innovative Housing Fund  
For the Year Ended June 30, 2021

Schedule 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget Variance - Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Investment Interest	\$ 4,300	\$ 8,200	\$ 3,670	\$ (4,530)
<b>Total Revenues</b>	<u>4,300</u>	<u>8,200</u>	<u>3,670</u>	<u>(4,530)</u>
<b>Expenditures:</b>				
General Government	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues over Expenditures</b>	3,800	8,200	3,670	(4,530)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	<u>(25,300)</u>	<u>(59,500)</u>	<u>(59,482)</u>	<u>18</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(25,300)</u>	<u>(59,500)</u>	<u>(59,482)</u>	<u>18</u>
<b>Change in Fund Balance</b>	(21,500)	(51,300)	(55,812)	(4,512)
<b>Fund Balance - Beginning of the Year</b>	<u>228,228</u>	<u>229,680</u>	<u>229,680</u>	<u>-</u>
<b>Fund Balance - End of the Year</b>	<u>\$ 206,728</u>	<u>\$ 178,380</u>	<u>\$ 173,868</u>	<u>\$ (4,512)</u>

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of the Town's Proportionate Share of the Net Pension Liability  
 Municipal Employees' Retirement System of Louisiana  
 For the Year Ended June 30, 2021

Schedule 3-A

Fiscal Year*	Town's Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.312472%	\$ 283,170	\$ 242,517	116.76%	66.26%
2020	0.356019%	\$ 311,450	\$ 258,128	120.66%	66.14%
2019	0.348529%	\$ 294,797	\$ 272,163	108.32%	65.60%
2018	0.386929%	\$ 334,784	\$ 271,951	123.10%	63.49%
2017	0.521281%	\$ 213,658	\$ 305,452	69.95%	62.11%
2016	0.000000%	\$ -	\$ 93,120	0.00%	66.18%
2015	0.020476%	\$ 52,551	-	-	73.99%
2014	0.014367%	\$ 44,529	\$ 33,979	131.05%	67.97%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of the Town's Proportionate Share of the Net Pension Liability –  
 Municipal Police Employees' Retirement System of Louisiana  
 For the Year Ended June 30, 2021

Fiscal Year*	Town's Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.076401%	\$ 706,123	\$ 237,059	297.87%	70.94%
2020	0.070759%	\$ 642,610	\$ 209,810	306.28%	71.00%
2019	0.065900%	\$ 556,455	\$ 220,972	251.82%	71.88%
2018	0.063511%	\$ 554,478	\$ 237,833	233.14%	70.08%
2017	0.005447%	\$ 510,565	\$ 189,602	269.28%	66.00%
2016	0.015900%	\$ 124,560	\$ 152,193	81.84%	70.73%
2015	0.017003%	\$ 106,372	\$ 42,540	250.05%	75.10%
2014	0.025776%	\$ 205,910	\$ 44,071	467.22%	66.71%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of the Town's Contribution –  
 Municipal Employees' Retirement System of Louisiana  
 For the Year Ended June 30, 2021

Schedule 4-A

Fiscal Year*	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 35,518	\$ (35,518)	-	\$ 242,517	14.65%
2020	\$ 33,886	\$ (33,886)	-	\$ 258,128	13.13%
2019	\$ 38,103	\$ (38,103)	-	\$ 272,164	14.00%
2018	\$ 35,353	\$ (35,353)	-	\$ 271,951	13.00%
2017	\$ 68,476	\$ (68,476)	-	\$ 305,452	22.42%
2016	\$ 18,391	\$ (18,391)	-	\$ 93,120	19.75%
2015	\$ -	\$ -	-	-	0.00%
2014	\$ 6,371	\$ (6,371)	-	\$ 33,979	18.75%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of the Town's Contribution –  
 Municipal Police Employees' Retirement System of Louisiana  
 For the Year Ended June 30, 2021

Schedule 4-B

Fiscal Year*	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 80,007	\$ (80,007)	-	\$ 237,059	33.75%
2020	\$ 79,720	\$ (79,720)	-	\$ 209,810	38.00%
2019	\$ 71,264	\$ (71,264)	-	\$ 220,974	32.25%
2018	\$ 62,636	\$ (62,636)	-	\$ 203,694	30.75%
2017	\$ 60,248	\$ (60,248)	-	\$ 189,125	31.86%
2016	\$ 44,897	\$ (44,897)	-	\$ 152,193	29.50%
2015	\$ 13,400	\$ (13,400)	-	\$ 42,540	31.50%
2014	\$ 13,662	\$ (13,662)	-	\$ 44,071	31.00%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

See independent auditor's report.



## **Other Supplemental Information**

**Town of Independence, Louisiana**  
 Combining Balance Sheet – Non-Major Governmental Funds  
 June 30, 2021

Schedule 5

	<u>LCDBG Economic Development 1987 Fund</u>	<u>2010 Revenue Bond Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,644	\$ -	\$ 1,644
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 1,644</u>	<u>\$ -</u>	<u>\$ 1,644</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	<u>3,658</u>	<u>-</u>	<u>3,658</u>
<b>Total Liabilities</b>	<u>3,658</u>	<u>-</u>	<u>3,658</u>
 <b>Deferred Inflows of Resources:</b>			
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Fund Balances:</b>			
Restricted for Economic Development	<u>(2,014)</u>	<u>-</u>	<u>(2,014)</u>
<b>Total Fund Balances</b>	<u>(2,014)</u>	<u>-</u>	<u>(2,014)</u>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	 <u>\$ 1,644</u>	 <u>\$ -</u>	 <u>\$ 1,644</u>

See independent auditor's report.

**Town of Independence, Louisiana**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Non-Major Governmental Funds  
 For the Year Ended June 30, 2021

Schedule 6

	<u>LCDBG Economic Development 1987 Fund</u>	<u>2010 Revenue Bond Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Donations	\$ -	\$ -	\$ -
Rental Income	-	-	-
Investment Interest	<u>9</u>	<u>-</u>	<u>9</u>
<b>Total Revenues</b>	<u>9</u>	<u>-</u>	<u>9</u>
<b>Expenditures:</b>			
General Government:			
Fireworks	-	-	-
Professional Fees	-	-	-
Public Works	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues over Expenditures</b>	9	-	9
<b>Other Financing Sources (Uses):</b>			
Interstate Clearing	-	-	-
Operating Transfers Out	<u>-</u>	<u>(8)</u>	<u>(8)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(8)</u>	<u>(8)</u>
<b>Change in Fund Balance</b>	9	(8)	1
<b>Fund Balances - Beginning of the Year</b>	<u>(2,023)</u>	<u>8</u>	<u>(2,015)</u>
<b>Fund Balances - End of the Year</b>	<u>\$ (2,014)</u>	<u>\$ -</u>	<u>\$ (2,014)</u>

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of Compensation of Paid Elected Officials  
 For the Year Ended June 30, 2021

Schedule 7

Name	Title	Term of Office	Salary	Supplemental Pay
Jim Paine	Mayor	July 1, 2020 June 30, 2024	\$ 17,111	\$ -
Eric Costa	Board of Alderman	July 1, 2020- June 30, 2024	4,050	
Frank Edwards	Police Chief	July 1, 2020 June 30, 2024	43,553	6,000
Jimmy Gregory	Board of Aldermen	July 1, 2020 - June 30, 2024	4,050	-
Larry Cardaronella	Board of Aldermen	July 1, 2020 - June 30, 2024	4,200	-
Luciano Suarez	Board of Aldermen	July 1, 2020 June 30, 2024	4,050	-
Calvin Batiste	Board of Aldermen	July 1, 2020 - June 30, 2024	4,050	-
<b>Total</b>			<u>\$ 81,064</u>	<u>\$ 6,000</u>

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of Compensation, Benefits, and Other Payments to Agency Head  
 For the Year Ended June 30, 2021

Schedule 8

**Agency Head: Honorable Jim Paine, Mayor**

Purpose	Amount
Salary	\$ 17,111
Benefits - Health Insurance	-
Benefits - Other Insurance	-
Benefits - Retirement	2,652
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Mayor Meetings	-
	\$ 19,763

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of Insurance Coverage in Force  
 For the Year Ended June 30, 2021

Schedule 9

Insurance Company	Coverage	Amount	Expiration Date
Landmark American	Buildings	2,312,056	04/11/22
	Contents	243,675	04/11/22
	Pumping Equipment	59,136	04/11/22
	Sewer Treatment plant	600,000	04/11/22
	Fence	113,190	04/11/22
EMC Insurance Company	Public Official Bond Per Employee	100,000	05/07/22
LA Municipal Risk Management Agency	Automobile Liability	500,000	05/01/22
	Uninsured Motorist, BI & PD		
	Commercial General Liability Premises/Operations Products/Completed Operations	500,000	05/01/22
	Law Enforcement Officer Comprehensive Liability, Personal Injury	500,000	05/01/22
	Public Officials Liability Errors & Omissions	500,000	05/01/22
Lloyd's/Lane & Assoc.	Auto Physical Damage	102,500	05/14/22
	Equipment	209,229	07/18/22
Markel Insurance Co	Equipment	16,468	04/11/22

See independent auditor's report.

**Town of Independence, Louisiana**  
**Water and Sewer Rate Schedule**  
 June 30, 2021

Schedule 10

<u>Customer Type</u>	<u>Number</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>	<u>Fire</u>	<u>Police</u>	<u>DHH</u>
Residential	698			15.73	3.50	2.50	1.00
0-5,000 GL		24.00	21.00				
Over 5,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Commercial	59			15.73	3.50	2.50	1.00
0-2,500 GL		33.00	32.00				
2,501-5,000 GL		66.00	64.00				
Over 5,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Schools	5			-	3.50	2.50	1.00
0 - 4,000 GL		256.00	253.00				
Over 4,000 GL		4.00 / 1,000 GL	4.00 / 1,000 GL				
Major Commercial/Industrial	1			-	-	-	1.00
0 - 50,000 GL		750.00	500.00				
Over 50,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Church	19			15.73	3.50	2.50	1.00
0 - 4,000 GL		20.00	15.00				
Over 4,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Total	<u>782</u>						

See independent auditor's report.

**Town of Independence, Louisiana**  
 Schedule of Water and Sewer Information  
 June 30, 2021

Schedule 11

*Accounts Receivable:*

As of June 30, 2021, accounts receivable from water and sewer billings were as follows:

Water, Sewer, Garbage, Fire & Police Receivable	
Total Per Billing System	\$ 112,417
Allowance for Doubtful Accounts	(24,200)
	\$ 88,217

*Schedule of Aged Receivables*

Balance	Current	30 Days	60 Days	Over 60 Days
\$ 112,417	\$ 89,840	\$ 20,871	\$ 519	\$ 1,187

*Water and Sewer Users*

As of June 30, 2021, water and sewer users were composed of the following:

Customer Type	Number
Residential	698
Commercial	59
Schools	5
Major Commercial / Industrial	1
Church	19
Total	782

See independent auditor's report.



**Town of Independence, Louisiana**  
 Schedule of Justice System Funding – Collecting / Disbursing Entity  
 As Required by Act 87 of the 2020 Regular Legislative Session  
 For the Year Ended June 30, 2021

Schedule 12

	<u>First Six Month Period Ended 12/31/2020</u>	<u>Second Six Month Period Ended 6/30/2021</u>
<b>Cash Basis Presentation</b>		
<b>Beginning Balance of Amounts Collected (I.e. cash on hand)</b>	\$ 947	381
<b>Add: Collections</b>		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	37,112	75,848
	<u>37,112</u>	<u>75,848</u>
<b>Subtotal Collections</b>	<u>37,112</u>	<u>75,848</u>
<b>Less: Disbursements to Governments &amp; Nonprofits:</b>		
State Treasury Disability Affairs	-	-
Treasury State of Louisiana CMIS	182	308
DHH Traumatic Head & Spinal Cord Injury Trust	440	510
Judicial Administration, Supreme Court of LA	113	155
21st JDC Public Defender Office	-	-
Louisiana Commission on Law Enforcement	439	1,011
Florida Parishes Juvenile Justice Commission	1,120	1,545
Tangipahoa Crime Stoppers	446	616
<b>Less: Amount Retained by Collecting Agency</b>		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency - Other	34,938	71,015
<b>Less: Disbursements to Individual /3rd Party Collection or Processing Agencies</b>		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individual (additional detail is not required)	-	-
Other Disbursements to Individual (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
	<u>-</u>	<u>-</u>
<b>Subtotal Disbursements/Retainage</b>	<u>37,678</u>	<u>75,160</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<u>\$ 381</u>	<u>\$ 1,069</u>

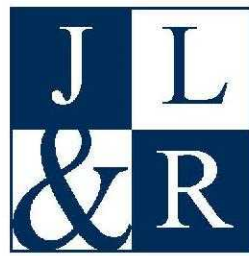
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained.

See independent auditor's report.

**Other Independent Auditor's Reports and  
Findings and Recommendations**

Dennis E. James, CPA  
Lyle E. Lambert, CPA  
Paul M. Riggs, Jr., CPA  
J. Bryan Ehrlich, CPA

Megan E. Lynch, CPA  
B. Jacob Steib, CPA  
Brody A. Howes, CPA  
Lauren Kimble Smith, CPA  
Christie J. Barado  
Connor J. Collura  
Sharon B. Bravata  
Krystal L. Waddell  
Taylar M. Savaski  
Debbie G. Faust, EA



**JAMES  
LAMBERT RIGGS  
& ASSOCIATES, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
www.jlrcafirm.com



Member of  
American Institute of CPAs  
Society of Louisiana CPAs

Independent Auditor's 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 Jim Paine, Mayor  
and the Members of the Board of Aldermen  
Town of Independence  
Independence, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 13, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Independence, 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 Independence, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Independence, Louisiana'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiency.

The Honorable Jim Paine, Mayor  
and Members of the Board of Aldermen  
Town of Independence, Louisiana

### **Compliance and Other Matters**

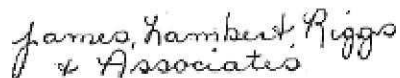
As part of obtaining reasonable assurance about whether the Town of Independence, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002.

### **Town of Independence, Louisiana's Response to Findings**

The Town of Independence, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Independence, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Town of Independence, Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Lambert Riggs and Associates, Inc.  
Hammond, Louisiana

December 13, 2021

**Town of Independence, Louisiana**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Independence's basic financial statements, and have issued our report thereon dated December 13, 2021. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I – Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	___	Yes	<u>X</u>	No
Significant Deficiencies	___	Yes	<u>X</u>	No

Compliance:

Compliance Material to the Financial Statements	<u>X</u>	Yes	___	No
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2. Management Letter

Was a management letter issued?	___	Yes	<u>X</u>	No
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Section II – Financial Statement Findings

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

**2021-001 – Local Government Budget Act**

**Condition:**

The Town of Independence may not have complied with certain provisions of the Local Government Budget Act.

**Criteria:**

Budget procedures applicable to the Town are specified in state law, Louisiana Revised Statute (RS) 39:1301-1315. The pertinent part of the law and the manner in which the Town may not have complied is as follows:

RS 39:1311(A)(1) requires the Town to amend the budget when:

- (1) *Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.*

**Town of Independence, Louisiana**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

The Innovative Housing Fund had a revenue budget vs actual variance over the allowable limits as of June 30, 2021:

***Innovative Housing Fund***

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Variance -</u> <u>Favorable /</u> <u>(Unfavorable)</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>(Unfavorable)</u>	
<b>Revenues:</b>					
Investment Interest	\$ 4,300	\$ 8,200	\$ 3,670	\$ (4,530)	
<b>Total Revenues</b>	4,300	8,200	3,670	(4,530)	-55.24%

**Cause:**

The cause of this condition appears to be due to management oversight to amend the budget before year end.

**Effect:**

Failure to follow precise requirements of the Local Government Budget Act resulted in the Town not being in compliance with the budget laws specified in LRS 39:1301:13115.

**Recommendation:**

We recommend that the Town continue to monitor its financial statements regularly and amend the budgets as needed.

**Management's Response:**

See management's response.

**2021-002 – \$2,632,000 Sewer Revenue Bond Series 2015 Covenant Compliance**

**Condition:**

As of June 30, 2021, the Town may not have complied with certain covenants contained in the \$2,632,000 Sewer Revenue Bond, Series 2015 authorizing resolution.

This condition was noted in the prior fiscal year.

**Criteria:**

The pertinent parts of the bond authorizing resolution and covenants and the manner in which the Town may not have complied are as follows:

- Section 10 of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution requires all income and revenues from the operation of the sewer system be deposited into a Sewer Revenue Fund. Furthermore, section 10(a) of the authorizing resolution requires all reasonable and necessary expenses of operating the sewer system be paid from the Sewer Revenue Fund. The sewer system revenues and expenses were comingled with the water system revenues and expenses in the Water Revenue Operating Fund.
- Section 10(b) of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution requires monthly deposits be made into the Sewer Revenue Bond and Interest Sinking Fund sufficient to pay the monthly

**Town of Independence, Louisiana**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

note on the bonds. During the fiscal year ended June 30, 2021, all monthly bond payments were made but they were paid from the wrong accounts, the Sewer Revenue Fund and the Sewer Revenue Bond Reserve Fund.

- Section 10(c) of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution requires monthly payments to the Sewer Revenue Bond Reserve Fund in the amount of \$679 per month. Regular monthly deposits were not made during the year and our computations show the Reserve Fund was underfunded by \$26,550 on June 30, 2021.
- Section 10(d) of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution requires monthly payments to the Sewer Depreciation and Contingency Fund in the amount of \$679 per month. Regular monthly deposits were not made during the year and our computations show the Depreciation and Contingency Fund was underfunded by \$20,052 on June 30, 2021.
- Section 10(e) of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution requires regular monthly payments to the Sewer Short-Lived Assets Fund in the amount of \$1,353 per month. Regular monthly deposits were not made during the year. However, our computations show the Short-Lived Assets Fund was adequately funded on June 30, 2021.

**Cause:**

The cause of this condition appears to be a lack of understanding of bond resolution requirements by management.

**Effect:**

Failure to properly maintain a Sewer Revenue Fund as required has resulted in a comingling of sewer system funds with water system funds weakening the fiscal integrity of each individual fund resulting in a loan from the sewer system to the water system totaling \$384,540 as June 30, 2021. Furthermore, failure to make regular monthly payments to the Reserve Fund, Contingency Fund and Short-Lived Assets Fund has resulted in the Town failing to comply with certain financial covenants contained in the individual bond resolutions and underfunding of the Reserve Fund and Contingency Fund.

**Recommendations:**

We recommend the Town take the following actions:

- Segregate the sewer system revenues and expenses from the water system revenues and expenses by depositing all sewer system revenues and paying all sewer system expenses from the Sewer Revenue Fund as required.
- Develop a plan to have the water system repay to the sewer system the \$384,540 loan from the sewer system.
- Have the Town Clerk and Town Accountant meet with the auditor to review the requirements of the \$2,632,000 Sewer Revenue Bond, Series 2015, authorizing resolution to understand the monthly payment requirements and required funding of each account required by the bond authorizing resolution and to fully fund all reserve accounts which are currently underfunded.

**Management's Response:**

See management's response.

**Town of Independence, Louisiana**  
 Schedule of Prior Findings and Questioned Costs  
 For the Year Ended June 30, 2021

<u>Ref.#</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>
<b><u>Internal Control Findings</u></b>			
2020-001	Segregation of Duties	Resolved	Some new policies & procedures developed
2020-002	Lack of Adequate Internal Controls over Capital Assets	Resolved	Some new policies & procedures developed
<b><u>Compliance Findings</u></b>			
2020-003	Bond Covenant Compliance	Partial	Sewer revenues co-mingled with water revenues and underfunded bond reserves.



# Town of Independence

Mayor Jim Paine



Post Office Box 35  
Independence, Louisiana 70443

ROBIN DAGRO  
Town Clerk

JORDIN HINES  
Assistant Clerk

FRANK EDWARDS III  
Chief of Police

LUKE SUAREZ  
Mayor Pro-Tem

Aldermen  
CALVIN BATISTE  
JIMMY GREGORY JR.  
LARRY CARDARONELLA  
ERIC COSTA

December 13, 2021

James Lambert Riggs & Associates, Inc.

401 E. Thomas Street


Hammond, LA 70401

Management of the Town of Independence, Louisiana would like to present the following response to the results of the June 30, 2021 audit conducted by James Lambert Riggs & Associates, Inc.

1. Local Government Budget Act – The Town agrees with the recommendation and will continue to monitor budgets and amend them according to state law when necessary.
2. Bond Covenant Compliance – The Town agrees with the recommendations and will continue to work towards bond covenant compliance. The Town Clerk along with the assistance of the Town Accountant will review the requirements of the \$2,632,000 Sewer Revenue Bonds, Series 2015 for funding requirements.

As Mayor of the Town of Independence, along with all my staff, continue to strive to make all corrections that are necessary to correct these findings.

Sincerely,

  
Jim Paine  
Mayor

City Hall: 985-878-4145

Fax: 985-878-4568