

TOWN OF INDEPENDENCE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Town of Independence, Louisiana

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For the Year Ended June 30, 2025

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Independent Auditor's Report

**To the Honorable Mayor and Board of Aldermen
Town of Independence, Louisiana**

Opinions

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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Griffin & Furman, LLC

December 31, 2025

Covington, Louisiana

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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, 2025

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, 2025. 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 and deferred outflows for the year were \$15,012,680 at June 30, 2025, and exceeded liabilities and deferred inflows in the amount of \$8,114,213 (i.e., net position). \$6,342,779 was invested in capital assets, \$744,230 was restricted for debt service, and \$1,027,204 was unrestricted.

- Charges for Services increased by \$119,967 or 8.68%
- General revenues increased by \$45,703 or 2.67%
- Expenses for Governmental Activities decreased by \$19,097 or .89%
- Expenses for Business-Type Activities increased by \$101,297 or 7.96%
- Net Position decreased by \$14,953.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

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.

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 of 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, 2025

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 3,292,467	\$ 3,083,301	\$ 209,166	6.78%
Capital Assets	<u>11,304,487</u>	<u>11,564,454</u>	<u>(259,967)</u>	-2.25%
Total Assets	<u>14,596,954</u>	<u>14,647,755</u>	<u>(50,801)</u>	-0.35%
Deferred Outflows of Resources	<u>415,726</u>	<u>438,955</u>	<u>(23,229)</u>	-5.29%
Liabilities:				
Current Liabilities	287,024	539,746	(252,722)	-46.82%
Long-Term Debt	4,965,466	4,959,583	5,883	0.12%
Net Pension Liability	<u>1,072,818</u>	<u>1,230,868</u>	<u>(158,050)</u>	-12.84%
Total Liabilities	<u>6,325,308</u>	<u>6,730,197</u>	<u>(404,889)</u>	-6.02%
Deferred Inflows of Resources	<u>573,159</u>	<u>227,347</u>	<u>345,812</u>	152.11%
Net Position:				
Net Investment in Capital Assets	6,342,779	6,463,388	(120,609)	-1.87%
Restricted Net Position	744,230	691,062	53,168	7.69%
Unrestricted Net Position	<u>1,027,204</u>	<u>974,716</u>	<u>52,488</u>	5.38%
Total Net Position	<u>\$ 8,114,213</u>	<u>\$ 8,129,166</u>	<u>\$ (14,953)</u>	-0.18%

At June 30, 2025, assets exceeded liabilities by \$8,114,213 (net position). The Town had an Unrestricted Net Position of \$1,027,204 compared to \$974,716 for the prior year. The Town's net position is comprised of \$2,135,337 from Governmental Activities and \$5,978,876 from Business-Type Activities, as shown on Exhibit A.

The largest portion of the Town's net position (78%) 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 are 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, 12%, represents resources that are subject to external restrictions on how they may be used.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

Condensed Statement of Activities

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,502,486	\$ 1,382,519	\$ 119,967	8.68%
Grants and Contributions	237,201	700,236	(463,035)	-66.13%
General Revenues	<u>1,757,030</u>	<u>1,711,327</u>	<u>45,703</u>	2.67%
Total Revenues	3,496,717	3,794,082	(297,365)	-7.84%
Expenses:				
Governmental Activities	2,137,274	2,156,371	(19,097)	-0.89%
Business-Type Activities	<u>1,374,396</u>	<u>1,273,099</u>	<u>101,297</u>	7.96%
Total Expenses	<u>3,511,670</u>	<u>3,429,470</u>	<u>82,200</u>	2.40%
Change in Net Position	(14,953)	364,612	(379,565)	-104.10%
Net Position:				
Beginning of the Year, Original	<u>8,129,166</u>	<u>7,764,554</u>	<u>364,612</u>	4.70%
End of the Year	<u>\$ 8,114,213</u>	<u>\$ 8,129,166</u>	<u>\$ (14,953)</u>	-0.18%

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. Charges for Services increased by \$119,967 while grants and contributions decreased by \$463,035. General Revenues increased by \$45,703.

Total expenses increased by \$82,200 to \$3,511,670. Business-Type Expenses increased by \$101,297. Governmental Activities expenditure decreased by \$19,097.

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 purpose 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.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

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 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 the 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 2025 by fund type is as follows:

	<u>General Fund</u>	<u>Innovative Housing</u>	<u>Non-Major Funds</u>	<u>2025</u>
Revenues and Transfers In	\$ 2,091,180	\$ 5,043	\$ 63	\$ 2,096,286
Expenditures and Transfers Out	<u>2,161,695</u>	<u>-</u>	<u>-</u>	<u>2,161,695</u>
Excess (Deficiency) of				
Revenues over Expenditures	(70,515)	5,043	63	(65,409)
Fund Balance - Beginning	<u>450,640</u>	<u>195,120</u>	<u>(1,892)</u>	<u>643,868</u>
Fund Balance - Ending	<u>\$ 380,125</u>	<u>\$ 200,163</u>	<u>\$ (1,829)</u>	<u>\$ 578,459</u>

The General Fund is the primary operating fund of the Town. At the end of the year, the Town reported a fund balance of \$380,125.

The Town's other major fund, the Innovative Housing Fund, increased by \$5,043 during 2025.

Non-Major Funds increased by \$63 due to interest income.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

Revenues of the primary government for the general governmental fund types for 2025 totaled \$2,096,286. The Town's activities are largely supported by tax revenues, solid waste fees, and licenses and permits, which represent 68.92% of the total governmental resources. Sources of governmental revenues, excluding other financial sources, are summarized below.

<u>Source of Revenue</u>	<u>2025</u>		<u>2024</u>	
Taxes	\$ 1,089,010	51.95%	\$ 1,032,858	48.17%
Solid Waste	145,642	6.95%	145,150	6.77%
License and Permits	210,055	10.02%	215,432	10.05%
Fines and Forfeitures	153,507	7.32%	66,784	3.11%
Intergovernmental	18,193	0.87%	17,895	0.83%
Rental	125,645	5.99%	130,087	6.07%
Other	354,234	16.90%	535,827	24.99%
Total	<u>\$ 2,096,286</u>	<u>100.00%</u>	<u>\$ 2,144,033</u>	<u>100.00%</u>

Expenditures of the primary government for governmental fund types decreased in 2025 by \$107,233. The change is attributable to a significant decrease in capital outlay and the donation of the fire station building in 2024. General governmental expenditures by functions are summarized as follows:

<u>Function</u>	<u>2025</u>		<u>2024</u>	
General Government	\$ 358,237	16.57%	\$ 344,167	15.16%
Public Safety	1,088,645	50.36%	1,033,016	45.49%
Public Works	420,649	19.46%	478,694	21.08%
Solid Waste	149,189	6.90%	126,137	5.55%
Health and Recreation	-	0.00%	-	0.00%
Debt Service	894	0.04%	3,576	0.16%
Fire Station	-	0.00%	-	0.00%
Capital Outlay	144,081	6.67%	285,145	12.56%
Total	<u>\$ 2,161,695</u>	<u>100.00%</u>	<u>\$ 2,270,735</u>	<u>100.00%</u>

General Fund Budgetary Highlights

For the general fund, actual revenues and other financing sources were \$71,892 more than final budgeted amounts. Actual expenditures and other financing uses were \$41,195 more than final budgeted amounts. The net change in fund balance was \$30,697 more than the final budgeted amounts.

For the general fund, original budgeted revenues and other financing sources were \$1,890,749 and final budgeted revenues and other financing sources were \$2,019,288.

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

- Grant Revenue was increased by \$75,900.
- Supplemental Pay was increased by \$24,300.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2025

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, 2025 amounts to \$11,304,487 (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:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Construction in Progress	\$ -	\$ -	\$ 128,954	\$ -
Land	100,150	100,150	69,808	69,808
Buildings and Equipment	3,472,419	3,328,338	826,841	826,838
Infrastructure	3,051,049	3,051,049	-	-
Utility Systems	-	-	15,304,167	15,304,167
Accumulated Depreciation	<u>(4,403,966)</u>	<u>(4,269,669)</u>	<u>(7,244,935)</u>	<u>(6,846,228)</u>
Net Capital Assets	<u>\$ 2,219,652</u>	<u>\$ 2,209,868</u>	<u>\$ 9,084,835</u>	<u>\$ 9,354,585</u>

The increase in Construction in Progress is due primarily to improvements to the sewer system. 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 long-term debt outstanding of \$4,961,708, consisting of \$4,944,045 in bonded debt payable from a pledge of the Town's sewer and water revenues and \$17,663 related to the current portion of capital lease obligations.

Economic Factors and Next Year's Budget

The Town's management approach is conservative. When possible, the Mayor and Council attempt to provide services for the Town based on existing revenues and to finance long-term projects only when necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the cost of utility system operation.

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 Julie Peterson, 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, 2025

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 388,584	\$ 1,001,589	\$ 1,390,173
Receivables, Net	19,308	82,575	101,883
Franchise Tax Receivables	18,157	-	18,157
Tax on Insurance Premiums	25,699	-	25,699
Due From Other Governments	159,126	39,434	198,560
Leases Receivable	544,487	-	544,487
Grant Receivable	75	-	75
Internal Balances	(61,006)	61,006	-
Restricted Cash and Cash Equivalents	-	880,255	880,255
Notes Receivable, Net	95,137	-	95,137
Prepaid Items	23,013	15,028	38,041
Land	100,150	69,808	169,958
Capital Assets, Net	2,119,502	9,015,027	11,134,529
Total Assets	3,432,232	11,164,722	14,596,954
Deferred Outflows of Resources			
Pension Related	353,968	61,758	415,726
Total Deferred Outflows of Resources	353,968	61,758	415,726
Liabilities			
Accounts Payable	51,413	23,144	74,557
Accrued Liabilities	25,419	9,564	34,983
Due to Other Governments	-	3,637	3,637
MERS	13,501	-	13,501
MPERS	13,779	-	13,779
Non-Current Liabilities:			
Due Within One Year, Debt	-	144,019	144,019
Due Within One Year Compensated Absences	2,548	-	2,548
Due in More Than One Year, Debt	-	4,817,689	4,817,689
Due in More Than One Year, Compensated Absences	11,752	-	11,752
Payable from Restricted Assets:			
Utility Meter Deposits	-	136,025	136,025
Net Pension Liability, MPERS	852,162	-	852,162
Net Pension Liability, MERS	115,415	105,241	220,656
Total Liabilities	1,085,989	5,239,319	6,325,308
Deferred Inflows of Resources			
Deferred Inflows of Rents	530,009	-	530,009
Deferred Inflows Pension Related	34,865	8,285	43,150
Total Deferred Inflows of Resources	564,874	8,285	573,159
Net Position			
Net Investment in Capital Assets	2,219,652	4,123,127	6,342,779
Restricted for:			
Debt Service	-	744,230	744,230
Unrestricted	(84,315)	1,111,519	1,027,204
Total Net Position	\$ 2,135,337	\$ 5,978,876	\$ 8,114,213

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Activities
For the Year Ended June 30, 2025

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
Governmental Activities:							
General Government	\$ 359,696	\$ 58,506	\$ -	\$ 76,836	\$ (224,354)	\$ -	\$ (224,354)
Public Safety	1,142,598	263,552	66,340	20,671	(792,035)	-	(792,035)
Public Works	484,897	-	-	-	(484,897)	-	(484,897)
Solid Waste	149,189	145,642	-	-	(3,547)	-	(3,547)
Debt Service Interest	894	-	-	-	(894)	-	(894)
Total Governmental Activities	2,137,274	467,700	66,340	97,507	(1,505,727)	-	(1,505,727)
Business-Type Activities:							
Sewer	775,856	538,350	-	73,354	-	(164,152)	(164,152)
Water	598,540	496,436	-	-	-	(102,104)	(102,104)
Total Business-Type Activities	1,374,396	1,034,786	-	73,354	-	(266,256)	(266,256)
Total	\$ 3,511,670	\$ 1,502,486	\$ 66,340	\$ 170,861	(1,505,727)	(266,256)	(1,771,983)
General Revenues:							
Sales & Property Taxes					1,079,362	226,428	1,305,790
Licenses and Permits					210,055	-	210,055
Pilot Tax					9,648	-	9,648
Intergovernmental					18,193	-	18,193
Rental Income					125,645	-	125,645
Miscellaneous					21,836	65,863	87,699
Sale of Fixed Assets					-	-	-
Total General Revenues					1,464,739	292,291	1,757,030
Change in Net Position					(40,988)	26,035	(14,953)
Net Position - Beginning of the Year					2,176,325	5,952,841	8,129,166
Net Position - End of the Year					\$ 2,135,337	\$ 5,978,876	\$ 8,114,213

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, 2025

Exhibit C

	<u>General Fund</u>	<u>Special Revenue Fund Innovative Housing Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 379,120	\$ 7,636	\$ 1,828	\$ 388,584
Receivables, Net	19,308	-	-	19,308
Franchise Tax Receivables	18,157	-	-	18,157
Taxes on Insurance Premiums	25,699	-	-	25,699
Due From Other Governments	159,126	-	-	159,126
Leases Receivable	544,487	-	-	544,487
Other	75	-	-	75
Notes Receivable, Net	-	95,137	-	95,137
Due from Other Funds	4,750	97,390	-	102,140
Prepaid Insurance	23,013	-	-	23,013
Total Assets	<u>\$ 1,173,735</u>	<u>\$ 200,163</u>	<u>\$ 1,828</u>	<u>\$ 1,375,726</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 51,413	\$ -	\$ -	\$ 51,413
Accrued Liabilities	25,419	-	-	25,419
MERS	13,501	-	-	13,501
MPERS	13,779	-	-	13,779
Deferred Inflows of Rent	530,009	-	-	530,009
Deferred Revenue ARP	-	-	-	-
Due to Other Funds	159,489	-	3,657	163,146
Total Liabilities	793,610	-	3,657	797,267
 Fund Balances (Deficits):				
Nonspendable	23,013	-	-	23,013
Unassigned	357,112	200,163	(1,829)	555,446
Total Fund Balances (Deficits)	<u>380,125</u>	<u>200,163</u>	<u>(1,829)</u>	<u>578,459</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,173,735</u>	 <u>\$ 200,163</u>	 <u>\$ 1,828</u>	 <u>\$ 1,375,726</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, 2025

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C) \$ 578,459

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	6,623,618
Less: Accumulated Depreciation	(4,403,966)

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

Compensated Absences Payable	(14,300)
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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	(115,415)
Municipal Police Employees Retirement System of Louisiana	(852,162)

Deferred Outflows of Resources	353,968
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Deferred Inflows of Resources	<u>(34,865)</u>
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Net Position of Governmental Activities (Exhibit A) \$ 2,135,337

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, 2025

Exhibit E

	General Fund	Special Revenue Fund Innovative Housing Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales Taxes	\$ 905,712	\$ -	\$ -	\$ 905,712
Property Taxes	173,650	-	-	173,650
Pilot Tax	9,648	-	-	9,648
Solid Waste Fees	145,642	-	-	145,642
Licenses and Permits	210,055	-	-	210,055
Fines and Forfeitures	153,507	-	-	153,507
Security Detail	110,045	-	-	110,045
Rental Income	125,645	-	-	125,645
Charges for Services	58,506	-	-	58,506
Intergovernmental	18,193	-	-	18,193
On-Behalf Payments from State	66,340	-	-	66,340
Other Revenues	4,291	-	-	4,291
Interest Income	12,439	5,043	63	17,545
Grants:				
Other Grants	97,507	-	-	97,507
Total Revenues	<u>2,091,180</u>	<u>5,043</u>	<u>63</u>	<u>2,096,286</u>
Expenditures:				
Current:				
General Government	340,596	-	-	340,596
Municipal Court	17,641	-	-	17,641
Public Safety	1,088,645	-	-	1,088,645
Public Works	420,649	-	-	420,649
Solid Waste	149,189	-	-	149,189
Debt Service:				
Principal	888	-	-	888
Interest	6	-	-	6
Capital Outlay	144,081	-	-	144,081
Total Expenditures	<u>2,161,695</u>	<u>-</u>	<u>-</u>	<u>2,161,695</u>
Excess (Deficiency) of Revenues Over Expenditures	(70,515)	5,043	63	(65,409)
Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	(70,515)	5,043	63	(65,409)
Fund Balances (Deficits):				
Beginning of the Year	<u>450,640</u>	<u>195,120</u>	<u>(1,892)</u>	<u>643,868</u>
End of the Year	<u>\$ 380,125</u>	<u>\$ 200,163</u>	<u>\$ (1,829)</u>	<u>\$ 578,459</u>

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, 2025

Exhibit F

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) \$ (65,409)

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	144,081
Depreciation Expense	(134,297)

Losses on the disposal of assets reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. The payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.

Change in Accrued Compensated Absences	(14,300)
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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	(29,473)
Contributions from Non-Employer Contributing Entities	58,410

Change in Net Position of Governmental Activities (Exhibit B) \$ (40,988)

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds
June 30, 2025 and 2024

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 787,003	\$ 214,586	\$ 1,001,589	\$ 842,076
Customer Accounts Receivable, Net	44,898	37,677	82,575	94,017
Due from Other Governments	39,434	-	39,434	36,527
Grant Receivable	-	-	-	17,496
Due from General Fund	65,756	-	65,756	196,705
Due from Sewer Fund	-	-	-	86,169
Due from Water Fund	24,617	-	24,617	-
Prepaid Items	15,028	-	15,028	15,973
Total Current Assets	976,736	252,263	1,228,999	1,288,963
Non-Current Assets:				
Restricted Cash:				
Customer Deposits	-	118,208	118,208	112,721
Debt Service	437,011	325,036	762,047	708,566
Total Non-Current Assets	437,011	443,244	880,255	821,287
Capital Assets:				
Property, Plant, and Equipment, at Cost	10,093,601	6,037,406	16,131,007	16,131,006
Less: Accumulated Depreciation	(4,450,319)	(2,794,615)	(7,244,934)	(6,846,228)
Construction in Progress	128,954	-	128,954	-
Land	40,708	29,100	69,808	69,808
Total Capital Assets	5,812,944	3,271,891	9,084,835	9,354,586
Total Assets	7,226,691	3,967,398	11,194,089	11,464,836
Deferred Outflows of Resources				
Pension Related	26,858	34,900	61,758	50,925
Total Deferred Outflows of Resources	26,858	34,900	61,758	50,925

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds (Continued)
June 30, 2025 and 2024

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
Liabilities				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	\$ 14,648	\$ 8,496	\$ 23,144	\$ 26,953
Accrued Liabilities	5,351	4,213	9,564	7,952
Due to General Fund	-	4,750	4,750	42,460
Due to Sewer Fund	-	24,617	24,617	-
Due to Water Fund	-	-	-	86,169
Current Portion of Capital Lease	-	17,663	17,663	16,995
Due to Other Governments	1,096	2,541	3,637	2,191
Total Current Liabilities (Payable from Current Assets)	21,095	62,280	83,375	182,720
Current Liabilities (Payable from Restricted Assets):				
Utility Customer Deposits	-	136,025	136,025	130,225
Current Portion of Long-Term Debt	80,139	46,217	126,356	124,488
Total Current Liabilities (Payable from Restricted Assets)	80,139	182,242	262,381	254,713
Non-Current Liabilities:				
Capital Lease	-	-	-	17,663
Revenue Bonds	2,656,773	2,160,916	4,817,689	4,941,920
Net Pension Liability	45,769	59,472	105,241	165,861
Total Non-Current Liabilities	2,702,542	2,220,388	4,922,930	5,125,444
Total Liabilities	2,803,776	2,464,910	5,268,686	5,562,877
Deferred Inflows of Resources				
Pension Related	3,603	4,682	8,285	43
Total Deferred Inflows of Resources	3,603	4,682	8,285	43
Net Position				
Net Investment in Capital Assets	3,076,032	1,093,312	4,123,127	4,253,520
Restricted	437,011	307,219	880,255	821,287
Unrestricted	933,127	132,175	975,494	878,034
Total Net Position	\$ 4,446,170	\$ 1,532,706	\$ 5,978,876	\$ 5,952,841

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, 2025 and 2024

Exhibit H

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
Operating Revenues:				
Charges for Services	\$ 538,263	\$ 495,653	\$ 1,033,916	\$ 1,040,413
Other Revenue	<u>87</u>	<u>783</u>	<u>870</u>	<u>10,758</u>
Total Operating Revenues	538,350	496,436	1,034,786	1,051,171
Operating Expenses:				
Depreciation and Amortization	240,971	157,736	398,707	398,707
Bad Debt	-	-	-	14,802
Chlorine	1,157	26,276	27,433	25,151
Salaries and Employee Benefits	111,838	139,927	251,765	167,944
Repairs and Maintenance	128,857	92,671	221,528	142,548
Utilities and Telephone	72,929	24,866	97,795	94,396
Office Supplies	9,861	2,617	12,478	8,842
Professional Fees	27,370	34,510	61,880	60,046
Environmental Testing	77,399	-	77,399	58,689
Insurance	23,460	17,156	40,616	49,478
Vehicle Expense	6,205	4,097	10,302	7,643
Miscellaneous	29,344	34,574	63,918	46,386
Pension Expense	<u>(38,920)</u>	<u>(5,851)</u>	<u>(44,771)</u>	<u>38,548</u>
Total Operating Expenses	<u>690,471</u>	<u>528,579</u>	<u>1,219,050</u>	<u>1,113,180</u>
Operating Income / (Loss)	(152,121)	(32,143)	(184,264)	(62,009)
Non-Operating Revenues / (Expenses):				
Non-Employer Contributions	8,021	10,421	18,442	6,687
Investment Income	15,774	4,438	20,212	9,533
Grant Revenue	73,354	-	73,354	336,341
Sales and Use Tax	226,428	-	226,428	214,958
Other Income	24,091	3,118	27,209	2,570
Interest Expense	<u>(85,385)</u>	<u>(69,961)</u>	<u>(155,346)</u>	<u>(159,919)</u>
Total Non-Operating Revenues / (Expenses)	<u>262,283</u>	<u>(51,984)</u>	<u>210,299</u>	<u>410,170</u>
Change in Net Position	110,162	(84,127)	26,035	348,161
Net Position - Beginning of Year	<u>4,336,008</u>	<u>1,616,833</u>	<u>5,952,841</u>	<u>5,604,680</u>
Net Position - End of the Year	<u>\$ 4,446,170</u>	<u>\$ 1,532,706</u>	<u>\$ 5,978,876</u>	<u>\$ 5,952,841</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, 2025 and 2024

Exhibit I

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2025	2024
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 545,396	\$ 506,632	\$ 1,052,028	\$ 1,085,488
Payments to Suppliers	(409,979)	(240,304)	(650,283)	(501,929)
Payments to Employees	(89,115)	(143,965)	(233,080)	(173,112)
Net Cash Provided by / (Used in) Operating Activities	46,302	122,363	168,665	410,447
Cash Flows From Noncapital Financing Activities:				
Increase / (Decrease) in Amounts Due to Other Funds, Net	20,162	73,076	93,238	(374,428)
Net Cash Provided by / (Used in) Noncapital Financing Activities	20,162	73,076	93,238	(374,428)
Cash Flows From Capital and Related Financing Activities:				
Capital Grants, F.E.M.A Non-Employer Contributions	98,870	10,421	109,291	291,597
Proceeds from Sales Tax Collections	223,521	-	223,521	214,652
Proceeds from Non-Operating Revenues	24,094	3,117	27,211	97
Interest Paid on Debt	(85,385)	(69,960)	(155,345)	(159,919)
Principal Paid on Debt	(77,504)	(44,859)	(122,363)	(133,280)
Payments for Capital Assets	(128,954)	(16,995)	(145,949)	(210,015)
Net Cash Provided by / (Used in) Capital and Related Financing Activities	54,642	(118,276)	(63,634)	3,132
Cash Flows From Investing Activities:				
Interest Earned on Investments	15,774	4,438	20,212	9,532
Net Cash Provided by / (Used in) Investing Activities	15,774	4,438	20,212	9,532
Net Increase / (Decrease) in Cash	136,880	81,601	218,481	48,683
Cash and Cash Equivalents - Beginning of the Year	1,087,134	576,229	1,663,363	1,614,680
Cash and Cash Equivalents - End of the Year	\$ 1,224,014	\$ 657,830	\$ 1,881,844	\$ 1,663,363
Reconciliation of Cash Accounts:				
Unrestricted Cash and Cash Equivalents	\$ 787,003	\$ 214,586	\$ 1,001,589	\$ 842,076
Restricted Cash and Cash Equivalents	437,011	443,244	880,255	821,287
Cash and Cash Equivalents - End of the Year	\$ 1,224,014	\$ 657,830	\$ 1,881,844	\$ 1,663,363

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Cash Flows – Proprietary Funds (Continued)
For the Years Ended June 30, 2025 and 2024

Exhibit I

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2025	2024
	Reconciliation of Operating Income / (Loss) to Net Cash Provided by / (Used in) Operating Activities:			
Operating Income / (Loss)	\$ (152,121)	\$ (32,143)	(184,264)	\$ (25,602)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) / Operating Activities:				
Depreciation and Amortization	240,971	157,736	398,707	398,707
Changes in Assets and Liabilities:				
(Increase) / Decrease in Accounts Receivable	7,046	4,396	11,442	(2,050)
(Increase) / Decrease in Sales Tax Receivable	-	-	-	(13,699)
(Increase) / Decrease in Prepaid Insurance	(15,028)	15,972	944	9,560
(Increase) / Decrease in Deferred Outflows	(8,117)	(2,716)	(10,833)	8,690
Increase / (Decrease) in Accounts Payable	7,288	(13,138)	(5,850)	9,749
Increase / (Decrease) in Accrued Liabilities	5,086	(1,435)	3,651	1,962
Increase / (Decrease) in Due to Unclaimed Properties	-	1,446	1,446	-
Increase / (Decrease) in Net Pension Liability	(42,410)	(18,210)	(60,620)	26,703
Increase / (Decrease) in Deferred Inflows	3,587	4,655	8,242	(3,533)
Increase / (Decrease) in Meter Deposits	-	5,800	5,800	(40)
Net Cash Provided By / (Used In) Operating Activities	\$ 46,302	\$ 122,363	\$ 168,665	\$ 410,447
Supplemental Disclosure of Cash Flow Information:				
Interest Paid			\$ 155,346	\$ 159,919

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, 2025

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, 2025

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, 2025

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 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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025

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 maturity 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. Interest Rate Risk: The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

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, 2025

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 \$9,757 was recorded in the proprietary funds at June 30, 2025.

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.

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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, \$2,548 was recorded as unused vacation pay in Statement A.

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. At June 30, 2025, \$11,752 was recorded as unused sick leave in Statement A.

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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 (which represent sales for May and June) and received by the Town in July and August have been accrued as of June 30, 2025.

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

The proceeds of the 1980 ½ % sales and use tax levied by the Town (current collections were \$226,428 for the year ended June 30, 2025) 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 1/2% 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.

R. New Accounting Pronouncements

The Town of Independence adopted GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of GASB Statement No. 101 did not result in a material change to the Town's previously reported compensated absences liabilities. Accordingly, no restatement of beginning net position was required.

The Town of Independence adopted GASB Statement No. 102, Certain Risk Disclosures, effective for fiscal years beginning after June 15, 2024. The objective of this statement is provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

In connection with the implementation of GASB Statement No. 102, management evaluated potential concentrations and constraints, including, but not limited to, revenue sources, customers, suppliers, and geographic factors, that could expose the Town to the risk of a substantial impact. Based on this evaluation, management determined that the Town does not have any material concentrations or constraints that require disclosure in the financial statements.

The implementation of this standard did not require any changes to the Town of Independence's financial reporting requirements.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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.

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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

2. Cash, Cash Equivalents, and Investments

On June 30, 2025, the Town had cash and cash equivalents (book balances) totaling \$2,270,428. These deposits are stated at cost, which approximates market.

	Statement of Net Position
Cash and Cash Equivalents	\$ 1,390,173
Restricted Cash and Cash Equivalents	880,255
Total Interest-Bearing Deposits	\$ 2,270,428

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, 2025, \$696,147 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 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.

3. Restricted Cash

Restricted cash is related to utility customer deposits and reserve amounts required in debt service agreements. Restricted cash at June 30, 2025 was as follows:

	Governmental Activities	Business- Type Activities	Total
Debt Service	\$ -	\$ 762,047	\$ 762,047
Customer Meter Deposits	-	118,208	118,208
Total	\$ -	\$ 880,255	\$ 880,255

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

4. Receivables

As of June 30, 2025, the accounts receivable and due from other governments for governmental activities were as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Receivables:			
Receivables, Net	\$ 19,308	\$ -	\$ 19,308
Franchise Fees	18,157	-	18,157
Tax on Insurance Premiums	25,699	-	25,699
Lease Receivables	<u>544,487</u>	<u>-</u>	<u>544,487</u>
Total Governmental Fund Receivables, Net	<u>\$ 607,651</u>	<u>\$ -</u>	<u>\$ 607,651</u>
Due From Other Governments:			
Sales and Use Tax	\$ 157,736	\$ -	\$ 157,736
Beer Tax	<u>1,390</u>	<u>-</u>	<u>1,390</u>
Total Due From Other Governments	<u>\$ 159,126</u>	<u>\$ -</u>	<u>\$ 159,126</u>

As of June 30, 2025, the accounts receivable and due from other governments for business-type activities were as follows:

Accounts Receivable:	
Utility Charges	\$ 92,332
Less: Uncollectible Allowance	<u>(9,757)</u>
Total Proprietary Fund Receivables, Net	<u>\$ 82,575</u>
Due From Other Governments:	
Sales and Use Tax	<u>\$ 39,434</u>
Total Due From Other Governments	<u>\$ 39,434</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

5. 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.

6. 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, 2025) 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 improved real estate. As of June 30, 2025, the total outstanding balance of the notes was \$95,137.

7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2025:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 100,150	\$ -	\$ -	\$ 100,150
Total Capital Assets Not Being Depreciated	100,150	-	-	100,150
Capital Assets:				
Building	2,412,464	104,852	-	2,517,316
Vehicles and Equipment	915,874	39,229	-	955,103
Infrastructure	3,051,049	-	-	3,051,049
Total Capital Assets	6,379,387	144,081	-	6,523,468
Less: Accumulated Depreciation:				
Building	811,916	69,007	-	880,923
Vehicles and Equipment	729,980	56,174	-	786,154
Infrastructure	2,727,773	9,116	-	2,736,889
Total Accumulated Depreciation	4,269,669	134,297	-	4,403,966
Total Governmental Capital Assets, Net	<u>\$ 2,209,868</u>	<u>\$ 9,784</u>	<u>\$ -</u>	<u>\$ 2,219,652</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ 36,797
Public Safety	33,252
Public Works	<u>64,248</u>
Total	<u><u>\$ 134,297</u></u>

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2025:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ -	\$ 128,954	\$ -	\$ 128,954
Land	<u>69,808</u>	<u>-</u>	<u>-</u>	<u>69,808</u>
Total Capital Assets Not Being Depreciated	69,808	128,954	-	198,762
Capital Assets:				
Vehicles and Equipment	826,841	-	-	826,841
Water & Sewer Lines	9,552,675	-	-	9,552,675
Water Storage Tanks	1,753,115	-	-	1,753,115
Water Wells	435,124	-	-	435,124
Sewer Treatment Plan	2,672,652	-	-	2,672,652
Sewer Pumps and Lift Stations	<u>890,601</u>	<u>-</u>	<u>-</u>	<u>890,601</u>
Total Capital Assets	16,131,008	-	-	16,131,008
Less: Accumulated Depreciation:				
Vehicles and Equipment	680,515	37,458	-	717,973
Water & Sewer Lines	2,880,312	230,915	-	3,111,227
Water Storage Tanks	517,505	50,318	-	567,823
Water Wells	209,054	7,413	-	216,467
Sewer Treatment Plan	1,747,031	67,310	-	1,814,341
Sewer Pumps and Lift Stations	<u>811,811</u>	<u>5,293</u>	<u>-</u>	<u>817,104</u>
Total Accumulated Depreciation	<u>6,846,228</u>	<u>398,707</u>	<u>-</u>	<u>7,244,935</u>
Total Business-Type Capital Assets, Net	<u><u>\$ 9,354,588</u></u>	<u><u>\$ (269,753)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,084,835</u></u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Leases

Finance Leases

On July 8, 2021 the Town entered into a lease purchase agreement with CNH Industrial Capital America, LLC for the purchase of a Track Hoe. The lease is for 60 months with 60 monthly payments at an interest rate of 3.99%. The lease contains a bargain purchase agreement at the end of the lease. At June 30, 2025, the Town recorded an asset of \$81,884 with accumulated depreciation of \$32,754. The balance of the lease is \$17,663 with a current maturity of \$17,663 as of June 30, 2025.

Amortization schedules of the outstanding Finance Leases including interest expense of \$371 is as follows:

Finance Leases

Track Hoe Year End	Lease Payments
06/30/26	\$ 18,034
	<u>\$ 18,034</u>

Operating Leases

The Town of Independence has the following Operating Leases:

Progressive Waste Lease

The Town of Independence is leasing a building located in the Independence Industrial Park of Northeast Railroad Avenue in Independence, Louisiana. The terms of the lease were for five years commencing on June 1, 2017 through June 1, 2022 at a payment of \$5,168 per month. The Lease was renewed for an additional term of one month at the expiration of its initial term. At June 30, 2025, this lease is month to month payable at \$6,000 per month.

Retail Establishment

The Town of Independence is leasing premises located at 269 East Railroad Ave in Independence. The terms of the lease are for four years commencing on September 11, 2025 through September 11, 2029. Payments are \$1,000 per month. This building will be used as a restaurant establishment.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Head Start Building

The Town of Independence is leasing premises located at the Independence Industrial Park of Northeast Railroad Avenue in Independence. The terms of the lease are for fifteen years commencing on October 1, 2009 through September 30, 2024. Payments are \$2,000 per month for the first five years. \$2,100 per month for the next five years and \$2,200 per month for the last five years. This building will be used for the purpose of operating a Head Start program for poor and handicapped preschool children. The Lease was renewed for fifteen years commencing on October 1, 2024 and ending September 30, 2039. The lease payments shall be \$2,500 per month.

Retail Establishment

The Town of Independence is leasing premises located at 269 East Railroad Ave in Independence. The terms of the lease are for three years commencing on August 1, 2020 through July 31, 2023. The lease was renewed for three years commencing on December 12, 2023. Payments are \$1,100 per month. This building will be used as a retail establishment.

The Town accounts for leases in accordance with GASB Statement No. 87, *Leases*. At June 30, 2025, the Town recorded a lease receivable of \$544,487 and deferred Inflows of Rent of \$530,009.

The net present value to amortize the future lease payments at a discount rate of 3% are as follows:

<u>Year Ended</u>	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>
2026	\$ 127,500	\$ 19,098	\$ 108,402
2027	115,260	13,225	102,035
2028	43,020	10,189	32,831
2029	43,380	8,824	34,556
2030	32,240	7,631	24,609
2031-2040	277,500	35,446	242,054
	<u>\$ 638,900</u>	<u>\$ 94,413</u>	<u>\$ 544,487</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Long-Term Debt

The Town's long-term debt is 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, 2025:

	Total Debt <u>6/30/2024</u>	Increase in <u>Debt</u>	Debt <u>Retired</u>	Total Debt <u>6/30/2025</u>	Due in <u>One Year</u>
Capital Lease	\$ 34,658	-	16,995	\$ 17,663	\$ 17,663
Revenue Bonds	<u>5,066,408</u>	-	<u>122,363</u>	<u>4,944,045</u>	<u>126,356</u>
Total	<u>\$ 5,101,066</u>	<u>\$ -</u>	<u>\$ 139,358</u>	<u>\$ 4,961,708</u>	<u>\$ 144,019</u>

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 \$ 499,030

\$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. 1,204,939

\$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. 1,002,194

\$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. 2,237,882

Total Business-Type Activities \$ 4,944,045

An amortization schedule of the outstanding long-term debt of the Business-Type Activities including interest expense of \$2,364,918 is as follows:

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Business Activities

Year End	Sewer			Water		Totals
	Series 2015	Revenue Bond	Revenue Bond	Series 2015 A	Series 2015 B	
06/30/26	\$ 110,232	\$ 9,612	\$ 43,044	\$ 54,096	\$ 59,688	\$ 276,672
06/30/27	110,232	9,612	43,044	54,096	59,688	276,672
06/30/28	110,232	9,612	43,044	54,096	59,688	276,672
06/30/29	110,232	9,612	43,044	54,096	59,688	276,672
06/30/30	110,232	9,612	43,044	54,096	59,688	276,672
2031 - 2055	2,727,919	71,035	317,442	1,347,507	1,461,700	5,925,603
Total	\$ 3,279,079	\$ 119,095	\$ 532,662	\$ 1,617,987	\$ 1,760,140	\$ 7,308,963

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 2 ¾% 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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

The town was in compliance with the bond covenants at June 30, 2025.

\$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 of time not exceeding forty years and bear an interest rate not exceeding 4 ¹/₄% 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 the system be deposited 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 “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 the 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, 2025.

\$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 of time not exceeding forty years and bear an interest rate not exceeding 2 ³/₄% 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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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.

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, 2025.

\$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 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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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 required for the year, or 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, 2025.

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. 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 was 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. 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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, was 14.00 % of annual payroll. Contributions to the System from the Town were \$108,262 for the year ended June 30, 2025.

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

At June 30, 2025, the Town reported a liability of \$220,656 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2025, the Town recognized a pension benefit of (\$31,237). At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience:		
Changes of Assumptions	\$ -	\$ 8,214
Change in Investments	7,941	-
Change in Proportion	11,191	7,353
Changes of Experience	2,094	1,805
Net Difference Between Projected and Actual Earnings on		
Pension Plan Investments	-	-
Changes in Proportion and Differences Between Town		
Contributions and Proportionate Share of Contributions	-	-
Town Contributions Subsequent to the Measurement Date	108,262	-
	<u>\$ 129,488</u>	<u>\$ 17,372</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

\$108,262 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
June 30, 2025	4,349
June 30, 2026	11,069
June 30, 2027	(6,582)
June 30, 2028	(4,982)
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases:	
1-2 Years of Service	9.50%
More Than 2 Years of Service	4.60%
Investment Rate of Return	6.85%

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2024 were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	<u>0.65%</u>
Total	100.00%	<u>4.35%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

Discount Rate – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee

(“PR SAC”) 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 Town’s proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.85%) or one percentage-point higher (7.85%) than the current rate:

	1.0% Decrease <u>5.850%</u>	Current Discount Rate <u>6.850%</u>	1.0% Increase <u>7.850%</u>
Town's Proportionate Share of the Net Pension Liability	\$ 642,628	\$ 220,656	\$ 117,570

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, 2025

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. 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) 929-7411.

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 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, 2025, was 35.60% of annual payroll. Contributions to the Police System from the Town were \$135,945 for the year ended June 30, 2025.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

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

At June 30, 2025, the Town reported a liability of \$852,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Town's proportion was .09405%, compared to .083620%, at June 30, 2024, and .082387% at June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$58,884. At June 30, 2025, 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		
Changes of Assumptions	-	-
Changes of Experience	46,138	25,778
Change of Investments	23,690	-
Change of Proportion	80,465	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	-	-
Town Contributions Subsequent to the Measurement Date	135,945	-
	\$ 286,238	\$ 25,778

\$135,945 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
June 30, 2025	37,931
June 30, 2026	108,173
June 30, 2027	(6,655)
June 30, 2028	(14,934)
Thereafter	-

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary Increases, Including Inflation & Merit	<u>Service Years</u>	<u>Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%
Investment Rate of Return	6.750%, Net of Investment Expense	

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighing and combined with a standard table produce current level of mortality.

The best estimate of the arithmetic rates of return for each major asset class included in the System’s target allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52.00	3.14%
Fixed Income	34.00	1.07%
Alternatives	14.00	1.03%
Other	-	-
Total	100.00%	5.24%
Inflation		2.62%
Expected Nominal Return		7.86%

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate 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 Police System’s actuary. Based on those assumptions, the Police 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 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate as of June 30, 2024.

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
Town's Proportionate Share of the Net Pension Liability	\$ 1,265,865	\$ 852,162	\$ 506,800

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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

8. 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, 2025, were as follows:

	Due From	Due To
General Fund:		
Due to Innovative Housing	\$ -	\$ 93,733
Due from/to Utility Fund	4,750	65,756
Innovative Housing:		
Due from General Fund	93,733	-
Due from Economic Development	3,657	-
Economic Development:		
Due to Innovative Housing	-	3,657
Enterprise Funds:		
Sewer Fund		
Due From Water Fund	24,617	-
Due From General Fund	65,756	-
Water Fund		
Due to General Fund	-	4,750
Due to Sewer Fund	-	24,617
Total All Funds	\$ 192,513	\$ 192,513

Interfund Transfers

There were no interfund transfers for the fiscal year ending June 30, 2025.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

9. 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, 2025, taxes of 15.99 mills were levied on property with taxable assessed valuations totaling \$9,800,332 and were dedicated to the general government (6.14 mills), police protection (4.925 mills), and fire protection (4.925 mills). Current year taxes levied were \$156,707. At June 30, 2025, taxes receivable was \$0 and the allowance for uncollectible ad valorem taxes was \$0.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

10. 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 the Town of Independence for certain groups of employees. The Town includes the payments on the paychecks of those employees. The Town recognizes revenue when it receives the payments from the State. At June 30, 2025 on-behalf payments recorded as revenues and expenditures in the financial statements are as follows:

	State Supplemental Salaries
Policemen Supplemental Pay	\$ 66,340
Total On-Behalf Payments	\$ 66,340

11. 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 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 the terms of the grant. Management's opinion is that compliance with the terms of the grants will result in negligible, if any, disallowed costs.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2025

12. Subsequent Events

The Town has evaluated subsequent events through December 31, 2025, the date which the statements were available to be issued. Based on this evaluation, the Town determined that there were no subsequent events that require recognition or disclosure in the accompanying financial statements.

Required Supplemental Information (Part II)

Town of Independence, Louisiana

Schedule 1

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Taxes:				
Sales Taxes	\$ 868,400	\$ 911,188	\$ 905,712	\$ (5,476)
Property Taxes	158,300	158,300	173,650	15,350
Pilot Tax	8,700	9,600	9,648	48
Solid Waste Fees	146,600	146,000	145,642	(358)
Licenses and Permits	243,600	243,800	210,055	(33,745)
Fines and Forfeitures	110,000	118,000	153,507	35,507
Security Detail	85,949	76,200	110,045	33,845
Rental Income	117,800	109,200	125,645	16,445
Charges for Services	58,800	58,700	58,506	(194)
Intergovernmental	18,400	18,700	18,193	(507)
On-Behalf payments from State	46,800	71,100	66,340	(4,760)
Police Grant	8,800	11,500	20,671	9,171
Other Grants	1,000	76,900	76,836	(64)
Other	8,200	4,600	4,291	(309)
Interest Income	1,900	5,500	12,439	6,939
Total Revenues	1,883,249	2,019,288	2,091,180	71,892
Expenditures:				
Current:				
General Government	329,400	336,400	340,596	(4,196)
Municipal Court	18,500	17,000	17,641	(641)
Public Safety	975,483	1,105,500	1,088,645	16,855
Public Works	447,300	388,106	420,649	(32,543)
Solid Waste	138,100	138,600	149,189	(10,589)
Debt Service:				
Principal	3,500	888	888	-
Interest	200	6	6	-
Capital Outlay	31,200	134,000	144,081	(10,081)
Total Expenditures	1,943,683	2,120,500	2,161,695	(41,195)
Excess (Deficiency) of Revenues Over Expenditures	(60,434)	(101,212)	(70,515)	30,697
Other Financing Sources:				
Sale of Fixed Assets	7,500	-	-	-
Total Other Financing Sources	7,500	-	-	-
Change in Fund Balances	(52,934)	(101,212)	(70,515)	30,697
Fund Balances:				
Beginning of the Year,	450,640	450,640	450,640	-
End of the Year	\$ 397,706	\$ 349,428	\$ 380,125	\$ 30,697

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 2

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Innovative Housing Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Investment Interest	\$ 4,300	\$ 1,000	\$ 5,043	\$ 4,043
Total Revenues	4,300	1,000	5,043	4,043
Expenditures:				
General Government	1,000	1,000	-	1,000
Total Expenditures	1,000	1,000	-	1,000
Excess of Revenues over Expenditures	3,300	-	5,043	5,043
Other Financing Sources (Uses):				
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balance	3,300	-	5,043	5,043
Fund Balance - Beginning of the Year	195,120	195,120	195,120	-
Fund Balance - End of the Year	\$ 198,420	\$ 195,120	\$ 200,163	\$ 5,043

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 3-A

Schedule of the Town's Proportionate Share of the Net Pension Liability –
Municipal Employees' Retirement System of Louisiana
For the Year Ended June 30, 2025

<u>Fiscal Year</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Employee Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2025	0.363655%	\$ 220,656	\$ 332,028	66.46%	80.10%
2024	0.379718%	\$ 304,481	\$ 330,710	92.07%	73.25%
2023	0.332979%	\$ 292,350	\$ 286,012	102.22%	69.56%
2022	0.298167%	\$ 172,731	\$ 242,517	71.22%	79.14%
2021	0.312472%	\$ 283,170	\$ 258,128	109.70%	66.26%
2020	0.356019%	\$ 311,450	\$ 272,164	114.43%	66.14%
2019	0.348529%	\$ 294,797	\$ 271,951	108.40%	65.60%
2018	0.386929%	\$ 334,784	\$ 305,452	109.60%	63.49%
2017	0.521281%	\$ 213,658	\$ 93,120	229.44%	62.11%
2016	0.000000%	\$ -	\$ -	0.00%	66.18%

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 3-B

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, 2025

<u>Fiscal Year</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Employee Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2025	0.094058%	\$ 852,162	\$ 332,684	256.15%	75.84%
2024	0.083620%	\$ 883,443	\$ 284,853	310.14%	71.30%
2023	0.082387%	\$ 842,141	\$ 226,402	371.97%	70.79%
2022	0.077705%	\$ 414,210	\$ 237,059	174.73%	84.08%
2021	0.076401%	\$ 706,123	\$ 209,810	336.55%	70.94%
2020	0.070759%	\$ 642,610	\$ 220,974	290.81%	71.00%
2019	0.065900%	\$ 556,455	\$ 203,694	273.18%	71.88%
2018	0.006351%	\$ 554,478	\$ 189,125	293.18%	70.08%
2017	0.054470%	\$ 510,565	\$ 152,193	335.47%	66.00%
2016	0.015900%	\$ 124,560	\$ 42,540	292.81%	70.73%

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 4-A

Schedule of the Town's Contribution –
Municipal Employees' Retirement System of Louisiana
For the Year Ended June 30, 2025

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency/Excess</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2025	\$ 108,262	\$ (108,262)	\$ -	\$ 386,387	28.02%
2024	\$ 51,350	\$ (51,350)	\$ -	\$ 332,028	15.47%
2023	\$ 51,260	\$ (51,260)	\$ -	\$ 330,710	15.50%
2022	\$ 41,480	\$ (41,480)	\$ -	\$ 286,012	14.50%
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%

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 4-B

Schedule of the Town's Contribution –
Municipal Police Employees' Retirement System of Louisiana
For the Year Ended June 30, 2025

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency/Excess	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2025	\$ 135,945	\$ (135,945)	\$ -	\$ 381,861	35.60%
2024	\$ 112,487	\$ (112,487)	\$ -	\$ 332,684	33.81%
2023	\$ 89,017	\$ (89,017)	\$ -	\$ 284,853	31.25%
2022	\$ 76,411	\$ (76,411)	\$ -	\$ 226,402	33.75%
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%

See Independent Auditor's Report.

Other Supplemental Information

Town of Independence, Louisiana
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2025

Schedule 5

	<u>LCDBG Economic Development 1987 Fund</u>	<u>Total Non-Major Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ 1,828	\$ 1,828
Due from Other Funds	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,828</u>	<u>\$ 1,828</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts Payable	\$ -	\$ -
Due to Other Funds	<u>3,657</u>	<u>3,657</u>
Total Liabilities	<u>3,657</u>	<u>3,657</u>
Deferred Inflows of Resources:		
Unearned Revenue	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted for Economic Development	<u>(1,829)</u>	<u>(1,829)</u>
Total Fund Balances	<u>(1,829)</u>	<u>(1,829)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,828</u>	<u>\$ 1,828</u>

See Independent Auditor's Report.

Town of Independence, Louisiana

Schedule 6

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
 Non-Major Governmental Funds
 For the Year Ended June 30, 2025

	<u>LCDBG Economic Development 1987 Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:		
Investment Interest	\$ 63	\$ 63
Total Revenues	63	63
Expenditures:		
General Government:		
Public Works	-	-
Total Expenditures	-	-
Excess of Revenues over Expenditures	63	63
Other Financing Sources (Uses):		
Operating Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Change in Fund Balance	63	63
Fund Balances - Beginning of the Year	(1,892)	(1,892)
Fund Balances - End of the Year	\$ (1,829)	\$ (1,829)

See Independent Auditor's Report.

Town of Independence, Louisiana
 Schedule of Compensation of Paid Elected Officials
 For the Year Ended June 30, 2025

Schedule 7

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Salary</u>	<u>Supplemental Pay</u>
Jim Paine	Mayor	July 1, 2024 June 30, 2028	\$ 31,839	\$ -
Eric Costa	Board of Alderman	July 1, 2024 June 30, 2028	7,250	-
Frank Edwards	Police Chief	July 1, 2024 June 30, 2028	54,995	7,200
Michael Muscarello	Board of Aldermen	July 1, 2024 June 30, 2028	7,250	-
Larry Cardaronella	Board of Aldermen	July 1, 2024 June 30, 2028	7,250	-
Luciano Suarez	Board of Aldermen	July 1, 2024 June 30, 2028	7,000	-
Joe Galofaro	Board of Aldermen	July 1, 2024 June 30, 2028	7,250	-
Total			<u>\$ 122,834</u>	<u>\$ 7,200</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, 2025

Schedule 8

Agency Head: Honorable Jim Paine, Mayor

Purpose	Amount
Salary	\$ 31,839
Benefits - Health Insurance	-
Benefits - Other Insurance	-
Social Security & Medicare	2,436
Benefits - Retirement	8,915
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	-
	\$ 43,190

See Independent Auditor's Report.

Town of Independence, Louisiana
 Schedule of Insurance Coverage in Force
 For the Year Ended June 30, 2025

Schedule 9

<u>Insurance Company/ Agent</u>	<u>Location</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Lane & Associates	Old Police Station	Buildings	720,000	4/11/2026
		Personal Property	53,155	4/11/2026
		Fence	8,190	4/11/2026
	Fire Station # 2	Buildings	135,000	4/11/2026
		Personal Property	26,520	4/11/2026
		Equipment	59,136	4/11/2026
		Building	131,200	4/11/2026
		Personal Property	10,920	4/11/2026
	Senior Citizen Center	Buildings	220,000	4/11/2026
		Personal Property	52,000	4/11/2026
	Police Station	Buildings	364,000	4/11/2026
		Personal Property	120,000	4/11/2026
	Pavilion	Buildings	325,000	4/11/2026
	Museum	Buildings	540,000	4/11/2026
	Head Start Building	Buildings	900,000	4/11/2026
	Fire Station	Buildings	400,000	4/11/2026
	New City Hall	Buildings	576,200	4/11/2026
		Personal Property	100,000	4/11/2026
	Waste Water Treatment	Buildings	600,000	4/11/2026
Fence		70,000	4/11/2026	
Office Building		575,000	4/11/2026	
Belt Room	Buildings	352,000	4/11/2026	
	Personal Property	200,000	4/11/2026	
	Building	200,000	4/11/2026	
	Personal Property	5,000	4/11/2026	
Blower Room	Buildings	200,000	4/11/2026	
	Personal Property	5,000	4/11/2026	
Dumpster Building	Buildings	10,000	4/11/2026	
Canon Copier	Equipment	5,417	4/11/2026	
Case Short Boom	Equipment	37,775	4/11/2026	

See Independent Auditor's Report.

Town of Independence, Louisiana
 Schedule of Insurance Coverage in Force
 For the Year Ended June 30, 2025

Schedule 9

<u>Insurance Company/ Agent</u>	<u>Location</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
EMC Insurance		Errors & Omissions	100,000	5/7/2026
Lane & Associates, Inc.				
	2017 Kubota Tractor	Equipment	35,000	7/18/2026
	2013 Kubota Mower	Equipment	7,900	7/18/2026
	2010 Case Backhoe	Equipment	56,000	7/18/2026
	2010 Pipe Hunter	Equipment	72,000	7/18/2026
	2012 Cash Backhoe	Equipment	26,729	7/18/2026
	2018 Bush Hog Mower	Equipment	11,600	7/18/2026
Rod Prejean & Associates				
	2007 Chev Crew Cab	Vehicle	2,500	5/14/2026
	2000 C3500 HD	Vehicle	4,000	5/14/2026
	2006 Charger	Vehicle	10,000	5/14/2026
	2014 Tahoe	Vehicle	25,000	5/14/2026
	2002 DS Dump truck	Vehicle	21,000	5/14/2026
	2005 3500	Vehicle	5,000	5/14/2026
	2004 F150	Vehicle	2,000	5/14/2026
	2002 1500 Pickup	Vehicle	8,000	5/14/2026
	2019 Tahoe	Vehicle	32,490	5/14/2026
	2019 Tahoe	Vehicle	32,490	5/14/2026
	2016 Tahoe	Vehicle	15,000	5/14/2026
	2017 Explorer	Vehicle	7,500	5/14/2026
	2017 Explorer	Vehicle	7,500	5/14/2026
Wright National Flood Insurance				
		Flood Insurance	105,000	5/8/2026
		Flood Insurance	53,000	5/8/2026

See Independent Auditor's Report.

Town of Independence, Louisiana
Water and Sewer Rate Schedule
 June 30, 2025

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	672			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	73			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	2			-	-	-	1.00
0 - 50,000 GL		750.00	500.00		3.50	2.50	
Over 50,000 GL		4.00 / 1,000 GL	3.00 / 1,000 GL				
Church	12			15.73	3.50	2.50	1.00
0 - 5,000 GL		20.00	15.00				
Over 5,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Total	<u>764</u>						

See Independent Auditor's Report.

Town of Independence, Louisiana
 Schedule of Water and Sewer Information
 June 30, 2025

Schedule 11

Accounts Receivable:

As of June 30, 2025, accounts receivable from water and sewer billings were as follows:

<u>Water, Sewer, Garbage, Fire & Police Receivable</u>	
Total Per Billing System	\$ 111,640
Allowance for Doubtful Accounts	<u>(9,757)</u>
	<u>\$ 101,883</u>

Schedule of Aged Receivables

<u>Balance</u>	<u>Current</u>	<u>30 Days</u>	<u>60 Days</u>	<u>Over 60 Days</u>
\$ 111,640	\$ 95,087	\$ 17,456	\$ 290	\$ (1,193)

Water and Sewer Users

As of June 30, 2025, water and sewer users were composed of the following:

<u>Customer Type</u>	<u>Number</u>
Residential	681
Commercial	64
Schools	5
Major Commercial / Industrial	2
Church	<u>12</u>
Total	<u><u>764</u></u>

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, 2025

Schedule 12

	First Six Month Period Ended <u>12/31/2024</u>	Second Six Month Period Ended <u>6/30/2025</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected(I.E. cash on hand)	\$ 374	\$ 803
Add: Collections		
Other (do not include collections that fit into more specific categories above)	<u>61,004</u>	<u>92,153</u>
Subtotal Collections	<u>61,004</u>	<u>92,153</u>
Less: Disbursements to Governments & Nonprofits:		
Treasury State of Louisiana CMIS	316	330
DHH Traumatic Head & Spinal Cord Injury Trust	290	215
Judicial Administration, Supreme Court of LA	158	165
Louisiana Commission on Law Enforcement	619	647
Florida Parishes Juvenile Justice Commission	1,580	1,650
Tangipahoa Crime Stoppers	632	660
Less: Amount Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Other	57,409	88,486
Less: Disbursements to Individual/3rd Party Collection or Processing Agencies		
	<u>-</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>61,004</u>	<u>92,153</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ 803</u></u>	<u><u>\$ 1,018</u></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.



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Michael R. Choate, CPA

American Society of Certified Public Accountants
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***

To the Honorable Mayor and Board of Aldermen
Town of Independence, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2025, 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 31, 2025.

Internal Control Over Financial Reporting

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Aldermen, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Furman, LLC

December 31, 2025

Covington, Louisiana

TOWN OF INDEPENDENCE, LOUISIANA

Schedule of Findings

June 30, 2025

Summary of Audit Results:

- 1. Type of Report Issued – Unmodified**
- 2. Internal Control Over Financial Reporting**
 - a. Significant Deficiencies – No**
 - b. Material Weaknesses – No**
- 3. Compliance and Other Matters – No**
- 4. Management Letter – No**

TOWN OF INDEPENDENCE, LOUISIANA

Status of Prior Audit Findings

June 30, 2025

Finding 2024-1 – Lack of Internal Controls over Bank Accounts and Bank Reconciliations:

Status:
Resolved.

Management Corrective Action:
All Accounts are reconciled monthly.

Finding 2024-2 – Violation of \$2,632,000 Sewer Revenue Bond Series 2015 Ordinance and \$975,000 Sewer Revenue Bond Series 1997 Bond Resolution:

Status:
Resolved.

Management Corrective Action:
The Town ordered checks for the Sewer Bank account. Now expenses for the Sewer Department are paid from the Sewer Bank Account and expenses for the Water Department are paid from the Water Enterprise Fund.

Finding 2024-3 – Compliance with the March 31, 2007 ½% Sales Tax Referendum:

Status:
Resolved.

Management Corrective Action:
Payroll is prepared in the General Fund for all departments including the Water Department and Sewer Department. During 2025, the Town netted the sales tax revenue due to the Sewer Fund against the salary reimbursement due from the Sewer Fund and transferred the difference to the Sewer Fund monthly.

TOWN OF INDEPENDENCE, LOUISIANA

Agreed-Upon Procedures

For the Year Ending June 30, 2025

TOWN OF INDEPENDENCE, LOUISIANA

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Stephen M. Griffin, CPA
Robert J. Furman, CPA

Howard P. Vollenweider, CPA
Jessica S. Benjamin
Racheal D. Alvey
Michael J. Caparotta, CPA

Michael R. Choate, CPA

American Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Board of Aldermen
Town of Independence, Louisiana
Independence, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The Town of Independence, Louisiana’s management is responsible for those C/C areas identified in the SAUPs.

The Town of Independence, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Town’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Town’s operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Finding: *The Town does not have written policies and procedures addressing debt service.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Finding: *Procedure performed without exception.*

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Finding: *The minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons on proprietary funds, or semi-annual budget-to-actual comparisons on all special revenue funds.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Finding: *Not applicable. The general fund did not have a negative unassigned fund balance..*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Finding: *The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan until the findings were considered fully resolved.*

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

3. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Finding: *Procedure performed without exception.*

4. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Finding: *Procedure performed without exception.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finding: Procedure performed without exception.

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

Finding: Procedure performed without exception.

Ethics

6. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Finding: Procedure performed without exception.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Finding: Procedure performed without exception.

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

Finding: Procedure performed without exception.

Prevention of Sexual Harassment

8. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Finding: Procedure performed without exception.

9. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Finding: Procedure performed without exception.

10. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Finding: Procedure performed without exception.

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

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

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

Griffin & Furman, LLC

December 31, 2025

Covington, Louisiana

TOWN OF INDEPENDENCE, LOUISIANA

Schedule of Findings

For the Year Ended June 30, 2025

2025-1 Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Finding: *The Town does not have written policies and procedures addressing debt service.*

2025-2 Board Meetings/Minutes

2. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board / finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Finding: *For item (ii), the minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons on proprietary funds, or semi-annual budget-to-actual comparisons on all special revenue funds. For item (iv), The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan until the findings were considered fully resolved.*

Town of Independence

Mayor Jim Paine

JULIE PETERSON
Town Clerk

LUKE SUAREZ
Mayor Pro-Tem

GEORGE "PEEWEE" BICKFORD
Maintenance Supervisor



Aldermen
LARRY CARDARONELLA
MICHAEL MUSCARELLO
ERIC COSTA
JOE GALOFARO

FRANK EDWARDS III
Police Chief

Post Office Box 35
Independence, Louisiana 70443

December 31, 2025

Griffin & Furman, LLC
205 E. Lockwood St.
Covington, Louisiana 70443

Re: FY 2025 Agreed Upon Procedures Schedule of Findings

Dear Mr. Furman,

In response to the above referenced Schedule of Findings, the Town of Independence, Louisiana acknowledges the finding and agrees to take the following corrective actions.

2025-1 Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Finding: The Town does not have written policies and procedures addressing debt service.

Town of Independence, Louisiana corrective action: The town council and staff will work with the Town Attorney Nicholas Muscarello and Town CPA Phil Hebert to adopt a written policy and procedure for Debt Service. This item will be on the agenda for the January 13, 2026 Regular Meeting for discussion.

2025-2 Board Meetings/Minutes

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

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"THE TOWN OF INDEPENDENCE DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, SEX, AGE, DISABILITIES OR VETERAN STATUS. WE ARE AN EQUAL OPPORTUNITY EMPLOYER AND PROVIDER."

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

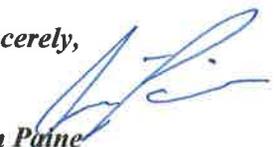
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period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

***Finding:** For item (ii), the minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons on proprietary funds, or semi-annual budget-to-actual comparisons on all special revenue funds. For item (iv), The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan until the findings were considered fully resolved.*

Town of Independence, Louisiana corrective action: Item (ii) Starting with the October 14, 2025 Regular Meeting the board members have been receiving the budget to actual information with their agenda packets sent the Friday before the meeting to give them time to review before adoption at the Regular Meeting held the following Tuesday. Town Clerk Julie Peterson will continue to work closely with Town CPA Phil Hebert to make sure these reports are included as an agenda item for the board to discuss and adopt.

Item (iv) The audit findings will be included on the January 13, 2026 Regular Meeting to discuss the finding and what steps need to be taken to resolve the finding. They will be included on all agendas going forward until fully resolved.

Sincerely,


Jim Paine
Mayor