

TOWN OF INDEPENDENCE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Town of Independence, Louisiana

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For the Year Ended June 30, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

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 (the "Town"), as of and for the year ended June 30, 2024, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

Responsibilities of Management for the Financial Statements

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

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 Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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; the budgetary comparison information; the schedules of the Town's proportionate share of the net pension liability; and the schedules of Town contributions on pages 6-11, 58-59, 60-61, and 62-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We

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

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.

Supplementary Information

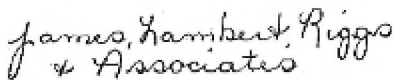
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major governmental fund financial statements; the schedule of compensation of paid elected officials; the schedule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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



James Lambert Riggs
& Associates

James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 20, 2024

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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, 2024

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, 2024. 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 \$15,086,710 at June 30, 2024, and exceeded liabilities and deferred inflows in the amount of \$8,129,165 (i.e., net position). Of this amount \$6,463,388 was invested in capital assets, \$691,062 was restricted for debt service, and \$974,715 was unrestricted.
- The Town's total revenues for the year increased from the prior year by 6.52% from \$3,561,684 to \$3,794,082.
- Expenditures for the year increased by \$47,204 from the prior year from \$3,382,266 to \$3,429,470.
- Total net position increased by \$364,612.

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.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2024

- 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.

Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 3,083,301	\$ 2,722,338	\$ 360,963	13.26%
Capital Assets	<u>11,564,454</u>	<u>11,801,993</u>	<u>(237,539)</u>	-2.01%
Total Assets	<u>14,647,755</u>	<u>14,524,331</u>	<u>123,424</u>	0.85%
Deferred Outflows of Resources	<u>438,955</u>	<u>441,476</u>	<u>(2,521)</u>	-0.57%
Liabilities:				
Current Liabilities	539,746	870,507	(330,761)	-38.00%
Long-Term Debt	4,959,583	5,100,017	(140,434)	-2.75%
Net Pension Liability	<u>1,230,868</u>	<u>1,134,490</u>	<u>96,378</u>	8.50%
Total Liabilities	<u>6,730,197</u>	<u>7,105,014</u>	<u>(374,817)</u>	-5.28%
Deferred Inflows of Resources	<u>227,347</u>	<u>96,239</u>	<u>131,108</u>	136.23%
Net Position:				
Net Investment in Capital Assets	6,463,388	6,567,648	(104,260)	-1.59%
Restricted Net Position	691,062	636,124	54,938	8.64%
Unrestricted Net Position	<u>974,716</u>	<u>560,782</u>	<u>413,934</u>	73.81%
Total Net Position	<u>\$ 8,129,166</u>	<u>\$ 7,764,554</u>	<u>\$ 364,612</u>	4.70%

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2024

At June 30, 2024, assets exceeded liabilities by \$8,129,166 (net position). The Town had an Unrestricted Net Position of \$974,715 compared to \$560,782 for the prior year. The Town's net position is comprised of \$2,176,325 from Governmental Activities and \$5,952,840 from Business-Type Activities, as shown on Exhibit A.

The largest portion of the Town's net position (80%) 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, 8%, represents resources that are subject to external restrictions on how they may be used.

Condensed Statement of Activities

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,382,519	\$ 1,435,726	\$ (53,207)	-3.71%
Grants and Contributions	700,236	170,514	529,722	310.66%
General Revenues	<u>1,711,327</u>	<u>1,955,444</u>	<u>(244,117)</u>	-12.48%
Total Revenues	3,794,082	3,561,684	232,398	6.52%
Expenses:				
Governmental Activities	2,156,371	2,117,824	38,547	1.82%
Business-Type Activities	<u>1,273,099</u>	<u>1,264,442</u>	<u>8,657</u>	0.68%
Total Expenses	<u>3,429,470</u>	<u>3,382,266</u>	<u>47,204</u>	1.40%
Change in Net Position	364,612	179,418	185,194	103.22%
Net Position:				
Beginning of the Year, Original	7,764,554	7,585,136	179,418	2.37%
End of the Year	<u>\$ 8,129,166</u>	<u>\$ 7,764,554</u>	<u>\$ 179,418</u>	2.31%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. "Program Revenues" decreased by \$53,207 to \$1,382,519. Grant and Contribution Revenue increased by \$529,722 to \$700,236.

Total expenses increased by \$47,204 to \$3,429,470. Business-Type Expenses increased by \$8,657. Governmental Activities expenditures increased by \$38,547 due to increases and decreases in various expenditure accounts.

Fund Financial Statements

For governmental activities, these statements depict how services were financed with a short-term focus as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements for the Town's most significant funds. Non-significant funds are consolidated into a single category for the purposes of displaying financial information. The fund financial statements should be viewed as providing detailed information about a specific fund rather than Town as a whole. Some funds are required to be

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2024

established by state law or certain bond covenants. Other funds are established by the Town Aldermen to manage money for particular purposes or meeting legal responsibilities for using restricted money such as certain tax and grant revenue.

Governmental Funds – these funds provide a short-term view for the reader of the financial statements. These funds are designed to provide the user with information on short-term inflows and outflows of spendable resources as well as balances of those resources near the end of the year. Governmental funds are presented using an accounting method called modified accrual. Modified accrual measures cash and all other financial assets that 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 2024 by fund type is as follows:

	General Fund	Innovative Housing	Non-Major Funds	2024
Revenues and Transfers In	\$ 2,166,255	\$ 6,496	\$ 71	\$ 2,172,822
Expenditures and Transfers Out	<u>2,270,735</u>	<u>-</u>	<u>-</u>	<u>2,270,735</u>
Excess (Deficiency) of				
Revenues over Expenditures	(104,480)	6,496	71	(97,913)
Fund Balance - Beginning	<u>555,120</u>	<u>188,624</u>	<u>(1,963)</u>	<u>741,781</u>
Fund Balance - Ending	<u>\$ 450,640</u>	<u>\$ 195,120</u>	<u>\$ (1,892)</u>	<u>\$ 643,868</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 \$450,640.

The Town's other major fund, the Innovative Housing Fund, increased by \$6,496 during 2024.

Non-Major Funds increased by \$71 due to interest income.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2024

Revenues of the primary government for the general governmental fund types for 2024 totaled \$2,144,033. The Town's activities are largely supported by tax revenues, solid waste fees, and licenses and permits, which represent 65% of the total governmental resources. Sources of governmental revenues, excluding other financial sources, are summarized below.

Source of Revenue	2024		2023	
Taxes	\$	1,032,858	48.17%	\$ 1,051,396 49.40%
Solid Waste		145,150	6.77%	146,190 6.87%
License and Permits		215,432	10.05%	213,524 10.03%
Fines and Forfeitures		66,784	3.11%	89,245 4.19%
Intergovernmental		17,895	0.83%	5,597 0.26%
Rental		130,087	6.07%	108,205 5.08%
Other		535,827	24.99%	514,230 24.16%
Total	\$	<u>2,144,033</u>	<u>100.00%</u>	\$ <u>2,128,387</u> <u>100.00%</u>

Expenditures of the primary government for governmental fund types increased in 2024 by \$104,197. The change is attributable to a significant increase in capital outlay and the donation of the fire station building. General governmental expenditures by functions are summarized as follows:

Function	2024		2023	
General Government	\$	344,167	15.16%	\$ 324,614 14.98%
Public Safety		1,033,016	45.49%	972,346 44.88%
Public Works		478,694	21.08%	473,810 21.87%
Solid Waste		126,137	5.55%	131,665 6.08%
Health and Recreation		-	0.00%	27,955 1.29%
Debt Service		3,576	0.16%	3,576 0.17%
Fire Station		-	0.00%	121,400 5.60%
Capital Outlay		285,145	12.56%	111,172 5.13%
Total	\$	<u>2,270,735</u>	<u>100.00%</u>	\$ <u>2,166,538</u> <u>100.00%</u>

General Fund Budgetary Highlights

For the general fund, actual revenues and other financing sources were \$18,554 more than final budgeted amounts. Actual expenditures and other financing uses were \$93,235 more than final budgeted amounts. The net change in fund balance was \$74,681 less than the final budgeted amounts.

For the general fund, original budgeted revenues and other financing sources were \$2,166,868 and final budgeted revenues and other financing sources were \$2,147,701.

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

- American Rescue Plan Grant Revenue was decreased by \$90,168 to record the amount recorded as deferred revenue at June 30, 2023
- FEMA grant was increased by \$20,200.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2024

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, 2024 amounts to \$11,564,454 (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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Construction in Progress	\$ -	\$ -	\$ -	\$ 210,014
Land	100,150	100,150	69,808	69,808
Buildings and Equipment	3,328,338	3,043,193	826,839	826,839
Infrastructure	3,051,049	3,051,049	-	-
Utility Systems	-	-	15,304,167	15,094,153
Accumulated Depreciation	(4,269,669)	(4,145,692)	(6,846,228)	(6,447,521)
Net Capital Assets	<u>\$ 2,209,868</u>	<u>\$ 2,048,700</u>	<u>\$ 9,354,586</u>	<u>\$ 9,753,293</u>

The increase in buildings and equipment is due primarily to renovations to the pavilion and city hall and other equipment purchased for the Town. Additional information on the Town's capital assets can be found in the footnotes of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$5,066,408 payable from a pledge of the Town's sewer and water revenues.

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, 2024

Exhibit A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash & Cash Equivalents	\$ 615,368	\$ 842,076	\$ 1,457,444
Receivables, Net	18,206	94,017	112,223
Franchise Tax Receivables	17,258	-	17,258
Tax on Insurance Premiums	12,374	-	12,374
Due From Other Governments	147,574	36,527	184,101
Leases Receivable	233,574	-	233,574
Grant Receivable	70,000	17,496	87,496
Internal Balances	(154,245)	154,245	-
Restricted Cash and Cash Equivalents	-	821,287	821,287
Notes Receivable, Net	102,858	-	102,858
Prepaid Items	38,714	15,972	54,686
Land	100,150	69,808	169,958
Capital Assets, Net	<u>2,109,718</u>	<u>9,284,778</u>	<u>11,394,496</u>
Total Assets	<u>3,311,549</u>	<u>11,336,206</u>	<u>14,647,755</u>
Deferred Outflows of Resources			
Pension Related	<u>388,030</u>	<u>50,925</u>	<u>438,955</u>
Total Deferred Outflows of Resources	<u>388,030</u>	<u>50,925</u>	<u>438,955</u>
Liabilities			
Accounts Payable	123,043	26,953	149,996
Accrued Liabilities	18,952	7,952	26,904
Due to Other Governments	-	2,191	2,191
MERS	4,813	-	4,813
MPERS	10,585	-	10,585
Non-Current Liabilities:			
Due Within One Year	-	141,483	141,483
Due in More Than One Year	-	4,959,583	4,959,583
Payable from Restricted Assets:			
Utility Meter Deposits	-	130,225	130,225
Deferred Revenues ARP	73,550	-	73,550
Net Pension Liability, MPERS	883,443	-	883,443
Net Pension Liability, MERS	<u>181,564</u>	<u>165,861</u>	<u>347,425</u>
Total Liabilities	<u>1,295,950</u>	<u>5,434,248</u>	<u>6,730,198</u>
Deferred Inflows of Resources			
Deferred Inflows of Rents	226,870	-	226,870
Deferred Inflows Pension Related	<u>434</u>	<u>43</u>	<u>477</u>
Total Deferred Inflows of Resources	<u>227,304</u>	<u>43</u>	<u>227,347</u>
Net Position			
Net Investment in Capital Assets	2,209,868	4,253,520	6,463,388
Restricted for:			
Debt Service	-	691,062	691,062
Unrestricted	<u>(33,543)</u>	<u>1,008,258</u>	<u>974,715</u>
Total Net Position	<u>\$ 2,176,325</u>	<u>\$ 5,952,840</u>	<u>\$ 8,129,165</u>

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Activities
For the Year Ended June 30, 2024

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	\$ 392,970	\$ 58,226	\$ 228,423	\$ 56,202	\$ (50,119)	\$ -	\$ (50,119)
Public Safety	1,095,684	127,972	59,270	20,000	(888,442)	-	(888,442)
Public Works	538,004	-	-	-	(538,004)	-	(538,004)
Solid Waste	126,137	145,150	-	-	19,013	-	19,013
Debt Service Interest	3,576	-	-	-	(3,576)	-	(3,576)
Total Governmental Activities	2,156,371	331,348	287,693	76,202	(1,461,128)	-	(1,461,128)
Business-Type Activities:							
Sewer	701,917	537,918	-	188,871	-	24,872	24,872
Water	571,182	513,253	-	147,470	-	89,541	89,541
Total Business-Type Activities	1,273,099	1,051,171	-	336,341	-	114,413	114,413
Total	\$ 3,429,470	\$ 1,382,519	\$ 287,693	\$ 412,543	(1,461,128)	114,413	(1,346,715)
General Revenues:							
Sales & Property Taxes					1,024,264	214,958	1,239,222
Licenses and Permits					215,432	-	215,432
Pilot Tax					8,594	-	8,594
Intergovernmental					38,088	-	38,088
Rental Income					130,087	-	130,087
Miscellaneous					32,325	18,790	51,115
Sale of Fixed Assets					100	-	100
Donation of Fire Station					2,171	-	2,171
Insurance Reimbursement					26,518	-	26,518
Total General Revenues					1,477,579	233,748	1,711,327
Change in Net Position					16,451	348,161	364,612
Net Position - Beginning of the Year					2,159,874	5,604,680	7,764,554
Net Position - End of the Year					\$ 2,176,325	\$ 5,952,841	\$ 8,129,166

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, 2024

Exhibit C

		Special Revenue Fund		
	General Fund	Innovative Housing Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 524,998	\$ 88,604	\$ 1,766	\$ 615,368
Receivables, Net	18,206	-	-	18,206
Franchise Tax Receivables	17,258	-	-	17,258
Taxes on Insurance Premiums	12,374	-	-	12,374
Due From Other Governments	147,574	-	-	147,574
Leases Receivable	233,574	-	-	233,574
Grant Receivable	70,000	-	-	70,000
Notes Receivable, Net	-	102,858	-	102,858
Due from Other Funds	-	3,658	-	3,658
Prepaid Insurance	38,714	-	-	38,714
Total Assets	<u>\$ 1,062,698</u>	<u>\$ 195,120</u>	<u>\$ 1,766</u>	<u>\$ 1,259,584</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 123,043	\$ -	\$ -	\$ 123,043
Accrued Liabilities	18,952	-	-	18,952
MERS	4,813	-	-	4,813
MPERS	10,585	-	-	10,585
Deferred Inflows of Rent	226,870	-	-	226,870
Deferred Revenue ARP	73,550	-	-	73,550
Due to Other Funds	154,245	-	3,658	157,903
Total Liabilities	612,058	-	3,658	615,716
Fund Balances (Deficits):				
Nonspendable	38,714	-	-	38,714
Unassigned	411,926	195,120	(1,892)	605,154
Total Fund Balances (Deficits)	<u>450,640</u>	<u>195,120</u>	<u>(1,892)</u>	<u>643,868</u>
Total Liabilities and Fund Balances	<u>\$ 1,062,698</u>	<u>\$ 195,120</u>	<u>\$ 1,766</u>	<u>\$ 1,259,584</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, 2024

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C)	\$	643,868
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental Capital Assets		6,479,537
Less: Accumulated Depreciation		(4,269,669)

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

Governmental Bonds & Capital Leases		-
Compensated Absences Payable		-

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

Net Pension Liability:		
Municipal Employees Retirement System of Louisiana		(181,564)
Municipal Police Employees Retirement System of Louisiana		(883,443)

Deferred Outflows of Resources		388,030
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Deferred Inflows of Resources		(434)
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Net Position of Governmental Activities (Exhibit A)	\$	<u>2,176,325</u>
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The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2024

Exhibit E

	General Fund	Special Revenue Fund Innovative Housing Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales Taxes	\$ 859,834	\$ -	\$ -	\$ 859,834
Property Taxes	164,430	-	-	164,430
Pilot Tax	8,594	-	-	8,594
Solid Waste Fees	145,150	-	-	145,150
Licenses and Permits	215,432	-	-	215,432
Fines and Forfeitures	66,784	-	-	66,784
Security Detail	61,188	-	-	61,188
Rental Income	130,087	-	-	130,087
Charges for Services	58,226	-	-	58,226
Intergovernmental	17,895	-	-	17,895
On-Behalf Payments from State	59,270	-	-	59,270
Other Revenues	13,491	-	-	13,491
Interest Income	12,267	6,496	71	18,834
Grants:				
American Rescue Plan Grant	228,423	-	-	228,423
FEMA	20,193	-	-	20,193
Other Grants	76,202	-	-	76,202
Total Revenues	2,137,466	6,496	71	2,144,033
Expenditures:				
Current:				
General Government	331,619	-	-	331,619
Municipal Court	12,548	-	-	12,548
Public Safety	1,033,016	-	-	1,033,016
Public Works	478,694	-	-	478,694
Solid Waste	126,137	-	-	126,137
Debt Service:				
Principal	3,496	-	-	3,496
Interest	80	-	-	80
Capital Outlay	285,145	-	-	285,145
Total Expenditures	2,270,735	-	-	2,270,735
Excess (Deficiency) of Revenues Over Expenditures	(133,269)	6,496	71	(126,702)
Other Financing Sources (Uses):				
Insurance Reimbursement	26,518	-	-	26,518
Sale of Fixed Assets	100	-	-	100
Beautification Donations	2,171	-	-	2,171
Total Other Financing Sources (Uses)	28,789	-	-	28,789
Change in Fund Balances	(104,480)	6,496	71	(97,913)
Fund Balances (Deficits):				
Beginning of the Year	555,120	188,624	(1,963)	741,781
End of the Year	\$ 450,640	\$ 195,120	\$ (1,892)	\$ 643,868

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, 2024

Exhibit F

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) \$ (97,913)

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	285,145
Depreciation Expense	(123,977)

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	-
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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	(89,839)
Contributions from Non-Employer Contributing Entities	43,035

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

Payment of Long-Term Debt	-
Capital Lease Proceeds	-

Change in Net Position of Governmental Activities (Exhibit B)	\$ <u>16,451</u>
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The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds
June 30, 2024 and 2023

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2024	2023
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 681,225	\$ 160,851	\$ 842,076	\$ 848,291
Customer Accounts Receivable, Net	51,944	42,073	94,017	91,967
Due from Other Governments	36,527	-	36,527	36,221
Grant Receivable	17,496	-	17,496	-
Due from General Fund	196,705	-	196,705	-
Due from Sewer Fund	-	86,169	86,169	-
Due from Water Fund	-	-	-	483,591
Prepaid Items	-	15,972	15,972	11,830
Total Current Assets	983,897	305,065	1,288,962	1,471,900
Non-Current Assets:				
Restricted Cash:				
Certificate of Deposits	-	-	-	451,947
Customer Deposits	-	112,721	112,721	110,322
Debt Service	405,909	302,657	708,566	204,120
Total Non-Current Assets	405,909	415,378	821,287	766,389
Capital Assets:				
Property, Plant, and Equipment, at Cost	10,093,601	6,037,405	16,131,006	15,920,992
Less: Accumulated Depreciation	(4,209,348)	(2,636,880)	(6,846,228)	(6,447,521)
Construction in Progress	-	-	-	210,014
Land	40,708	29,100	69,808	69,808
Total Capital Assets	5,924,961	3,429,625	9,354,586	9,753,293
Total Assets	7,314,767	4,150,068	11,464,835	11,991,582
Deferred Outflows of Resources				
Pension Related	18,741	32,184	50,925	59,615
Total Deferred Outflows of Resources	18,741	32,184	50,925	59,615

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds (Continued)
June 30, 2024 and 2023

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2024	2023
Liabilities				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	\$ 5,320	\$ 21,633	\$ 26,953	\$ 227,217
Accrued Liabilities	2,304	5,648	7,952	5,990
Due to General Fund	-	42,460	42,460	220,184
Due to Sewer Fund	-	-	-	483,591
Due to Water Fund	86,169	-	86,169	-
Current Portion of Capital Lease	-	16,995	16,995	16,000
Due to Other Governments	1,096	1,095	2,191	2,191
Total Current Liabilities (Payable from Current Assets)	94,889	87,831	182,720	955,173
Current Liabilities (Payable from Restricted Assets):				
Utility Customer Deposits	-	130,225	130,225	130,265
Current Portion of Long-Term Debt	77,450	47,038	124,488	118,328
Total Current Liabilities (Payable from Restricted Assets)	77,450	177,263	254,713	248,593
Non-Current Liabilities:				
Capital Lease	-	17,663	17,663	33,671
Revenue Bonds	2,736,966	2,204,954	4,941,920	5,066,346
Net Pension Liability	88,179	77,682	165,861	139,158
Total Non-Current Liabilities	2,825,145	2,300,299	5,125,444	5,239,175
Total Liabilities	2,997,484	2,565,393	5,562,877	6,442,941
Deferred Inflows of Resources				
Pension Related	16	27	43	3,576
Total Deferred Inflows of Resources	16	27	43	3,576
Net Position				
Net Investment in Capital Assets	3,110,545	1,142,975	4,253,520	4,518,948
Restricted:				
Certificate of Deposits	-	-	-	451,947
Debt Service	405,909	285,153	691,062	184,177
Unrestricted	819,554	188,704	1,008,258	449,608
Total Net Position	\$ 4,336,008	\$ 1,616,832	\$ 5,952,840	\$ 5,604,680

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, 2024 and 2023

Exhibit H

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2024	2023
Operating Revenues:				
Charges for Services	\$ 532,480	\$ 507,933	\$ 1,040,413	\$ 1,021,786
Other Revenue	5,438	5,320	10,758	14,615
Total Operating Revenues	<u>537,918</u>	<u>513,253</u>	<u>1,051,171</u>	<u>1,036,401</u>
Operating Expenses:				
Depreciation and Amortization	240,971	157,736	398,707	392,057
Bad Debt	7,401	7,401	14,802	-
Chlorine	40	25,111	25,151	21,786
Salaries and Employee Benefits	61,919	106,025	167,944	176,886
Repairs and Maintenance	64,310	78,238	142,548	210,304
Utilities and Telephone	71,232	23,164	94,396	107,681
Office Supplies	6,430	2,412	8,842	9,527
Professional Fees	23,473	36,573	60,046	47,450
Environmental Testing	58,689	-	58,689	54,317
Insurance	23,599	25,879	49,478	26,490
Vehicle Expense	3,797	3,846	7,643	359
Miscellaneous	24,364	22,022	46,386	46,334
Pension Expense	27,596	10,952	38,548	8,191
Total Operating Expenses	<u>613,821</u>	<u>499,359</u>	<u>1,113,180</u>	<u>1,101,382</u>
Operating Income / (Loss)	(75,903)	13,894	(62,009)	(64,981)
Non-Operating Revenues /				
(Expenses):				
Non-Employer Contributions	2,461	4,226	6,687	7,868
Investment Income	4,882	4,651	9,533	10,512
Grant Revenue	188,871	147,470	336,341	-
Insurance Reimbursement	-	-	-	18,585
Sales and Use Tax	214,958	-	214,958	210,336
Sales of Fixed Asset	-	-	-	-
Other Income	97	2,473	2,570	1,742
Transfer In- General Fund	-	-	-	136,580
Interest Expense	(88,096)	(71,823)	(159,919)	(163,060)
Total Non-Operating				
Revenues / (Expenses)	<u>323,173</u>	<u>86,997</u>	<u>410,170</u>	<u>222,563</u>
Change in Net Position	247,270	100,891	348,161	157,582
Net Position - Beginning of Year	<u>4,088,738</u>	<u>1,515,942</u>	<u>5,604,680</u>	<u>5,447,098</u>
Net Position - End of the Year	<u>\$ 4,336,008</u>	<u>\$ 1,616,833</u>	<u>\$ 5,952,841</u>	<u>\$ 5,604,680</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, 2024 and 2023

Exhibit I

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2024	2023
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 554,342	\$ 531,146	\$ 1,085,488	\$ 1,032,677
Payments to Suppliers	(276,431)	(225,498)	(501,929)	(548,738)
Payments to Employees	(63,917)	(109,195)	(173,112)	(184,685)
Net Cash Provided by / (Used in) Operating Activities	<u>213,994</u>	<u>196,453</u>	<u>410,447</u>	<u>299,254</u>
Cash Flows From Noncapital Financing Activities:				
Increase / (Decrease) in Amounts Due to Other Funds, Net	<u>152,872</u>	<u>(527,300)</u>	<u>(374,428)</u>	<u>309,537</u>
Net Cash Provided by / (Used in) Noncapital Financing Activities	<u>152,872</u>	<u>(527,300)</u>	<u>(374,428)</u>	<u>309,537</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Grants, F.E.M.A Non-Employer Contributions	152,461	139,136	291,597	-
Proceeds from Sales Tax Collections	214,652	-	214,652	210,336
Proceeds from Non-Operating Revenues	97	-	97	20,325
Interest Paid on Debt	(88,096)	(71,823)	(159,919)	(163,060)
Principal Paid on Debt	(74,792)	(58,488)	(133,280)	(130,309)
Payments for Capital Assets	(195,823)	(14,192)	(210,015)	(79,384)
Net Cash Provided by / (Used in) Capital and Related Financing Activities	<u>8,499</u>	<u>(5,367)</u>	<u>3,132</u>	<u>(142,092)</u>
Cash Flows From Investing Activities:				
Interest Earned on Investments	<u>4,882</u>	<u>4,650</u>	<u>9,532</u>	<u>10,512</u>
Net Cash Provided by / (Used in) Investing Activities	<u>4,882</u>	<u>4,650</u>	<u>9,532</u>	<u>10,512</u>
Net Increase / (Decrease) in Cash	<u>380,247</u>	<u>(331,564)</u>	<u>48,683</u>	<u>477,211</u>
Cash and Cash Equivalents - Beginning of the Year	<u>706,887</u>	<u>907,793</u>	<u>1,614,680</u>	<u>1,137,469</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 1,087,134</u>	<u>\$ 576,229</u>	<u>\$ 1,663,363</u>	<u>\$ 1,614,680</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash and Cash Equivalents	\$ 681,225	\$ 160,851	\$ 842,076	\$ 848,291
Restricted Cash and Cash Equivalents	<u>405,909</u>	<u>415,378</u>	<u>821,287</u>	<u>766,389</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 1,087,134</u>	<u>\$ 576,229</u>	<u>\$ 1,663,363</u>	<u>\$ 1,614,680</u>

Town of Independence, Louisiana
Statements of Cash Flows – Proprietary Funds
For the Years Ended June 30, 2024 and 2023

Exhibit I

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2024	2023
Reconciliation of Operating Income / (Loss) to Net Cash Provided by / (Used in) Operating Activities:				
Operating Income / (Loss)	\$ (54,528)	\$ 28,926	(25,602)	\$ (64,981)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) / Operating Activities:				
Depreciation and Amortization	240,971	157,736	398,707	392,057
Changes in Assets and Liabilities:				
(Increase) / Decrease in Accounts Receivable	(4,951)	2,901	(2,050)	(9,069)
(Increase) / Decrease in Sales Tax Receivable	-	(13,699)	(13,699)	-
(Increase) / Decrease in Prepaid Insurance	9,560	-	9,560	(1,654)
(Increase) / Decrease in Deferred Outflows	13,046	(4,356)	8,690	(33,213)
Increase / (Decrease) in Accounts Payable	(2,206)	11,955	9,749	(6,983)
Increase / (Decrease) in Accrued Liabilities	13	1,949	1,962	8,617
Increase / (Decrease) in Due to Unclaimed Properties	-	-	-	-
Increase / (Decrease) in Net Pension Liability	13,980	12,723	26,703	45,071
Increase / (Decrease) in Deferred Inflows	(1,891)	(1,642)	(3,533)	(35,936)
Increase / (Decrease) in Meter Deposits	-	(40)	(40)	5,645
Net Cash Provided By / (Used In) Operating Activities	<u>\$ 213,994</u>	<u>\$ 196,453</u>	<u>\$ 410,447</u>	<u>\$ 299,554</u>
Supplemental Disclosure of Cash Flow Information:				
Interest Paid			<u>\$ 159,919</u>	<u>\$ 163,060</u>

Notes to the Financial Statements

Town of Independence, Louisiana

Notes to Financial Statements
For the Year Ended June 30, 2024

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, 2024

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 is 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, 2024

Major Funds are determined by the following criteria:

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

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

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

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

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

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

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

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

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. Proprietary funds also distinguish between operating and non-operating items. Operating

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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

D. Basis of Accounting

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

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

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

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

E. Budgets and Budgetary Accounting

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

For the year ended June 30, 2024, actual revenues and other sources for the General Fund exceeded budgeted revenues and other sources. The Town's actual expenditures exceeded budgeted expenditures and other uses by \$102,735 but actual expenditures were within five percent of budgeted expenditures and other uses. Actual expenditures exceeded revenues and other sources by \$104,480.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024

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 \$14,609 was recorded in the proprietary funds at June 30, 2024.

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, 2024

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, 2024, \$1,807 was recorded as unused vacation pay in the General Fund. \$3,428 was recorded as unused vacation pay in the Water and Sewer Enterprise Fund.

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

L. Pension Plans

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

M. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of 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, 2024

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, 2024.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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

The proceeds of the 1980 ½ % sales and use tax levied by the Town (current collections were \$214,958 for the year ended June 30, 2024) 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.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds. The Town was in compliance with the Louisiana Local Government Budget Act.

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, 2024

3. Cash, Cash Equivalents, and Investments

On June 30, 2024, the Town had cash and cash equivalents (book balances) totaling \$2,278,731. These deposits are stated at cost, which approximates market.

	Statement of Net Position
Cash and Cash Equivalents	\$ 1,457,444
Restricted Cash and Cash Equivalents	821,287
Total Interest-Bearing Deposits	\$ 2,278,731

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, 2024, \$1,651,964 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.

4. Restricted Cash

Restricted cash is related to utility customer deposits and reserve amounts required in debt service agreements. Restricted cash at June 30, 2024 was as follows:

	Governmental Activities	Business- Type Activities	Total
Debt Service	\$ -	\$ 708,566	\$ 708,566
Customer Meter Deposits	-	112,721	112,721
Total	\$ -	\$ 821,287	\$ 821,287

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

5. Receivables

As of June 30, 2024, 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:			
Franchise Fees	\$ 17,258	\$ -	\$ 17,258
Tax on Insurance Premiums	12,374	-	12,374
Lease Receivables	<u>233,574</u>	<u>-</u>	<u>233,574</u>
Total Governmental Fund Receivables, Net	<u>\$ 263,206</u>	<u>\$ -</u>	<u>\$ 263,206</u>
Due From Other Governments:			
Sales and Use Tax	\$ 146,105	\$ -	\$ 146,105
Beer Tax	<u>1,469</u>	<u>-</u>	<u>1,469</u>
Total Due From Other Governments	<u>\$ 147,574</u>	<u>\$ -</u>	<u>\$ 147,574</u>

As of June 30, 2024, the accounts receivable and due from other governments for business-type activities were as follows:

Accounts Receivable:	
Utility Charges	\$ 108,626
Less: Uncollectible Allowance	<u>(14,609)</u>
Total Proprietary Fund Receivables, Net	<u>\$ 94,017</u>
Due From Other Governments:	
Sales and Use Tax	<u>\$ 36,527</u>
Total Due From Other Governments	<u>\$ 36,527</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

6. Concentration of Credit Risk – Proprietary Funds

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

7. Notes Receivable – Innovative Housing Grant Program

The Town, through a grant program, received mortgage notes from individuals for residential and small business projects. These notes (7 outstanding as of June 30, 2024) 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, 2024, the total outstanding balance of the notes was \$102,858.

8. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 100,150	\$ -	\$ -	\$ 100,150
Total Capital Assets Not Being Depreciated	100,150	-	-	100,150
Capital Assets:				
Building	2,231,607	180,857	-	2,412,464
Vehicles and Equipment	811,586	104,288	-	915,874
Infrastructure	3,051,049	-	-	3,051,049
Total Capital Assets	6,094,242	285,145	-	6,379,387
Less: Accumulated Depreciation:				
Building	750,023	61,893	-	811,916
Vehicles and Equipment	677,012	52,968	-	729,980
Infrastructure	2,718,657	9,116	-	2,727,773
Total Accumulated Depreciation	4,145,692	123,977	-	4,269,669
Total Governmental Capital Assets, Net	<u>\$ 2,048,700</u>	<u>\$ 161,168</u>	<u>\$ -</u>	<u>\$ 2,209,868</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ 33,970
Public Safety	30,697
Public Works	59,310
Total	<u><u>\$ 123,977</u></u>

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 210,014	\$ -	\$ (210,014)	\$ -
Land	69,808	-	-	69,808
Total Capital Assets Not Being Depreciated	279,822	-	(210,014)	69,808
Capital Assets:				
Vehicles and Equipment	826,839	-	-	826,839
Water & Sewer Lines	9,342,661	210,014	-	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	890,601	-	-	890,601
Total Capital Assets	15,920,992	210,014	-	16,131,006
Less: Accumulated Depreciation:				
Vehicles and Equipment	643,057	37,458	-	680,515
Water & Sewer Lines	2,649,397	230,915	-	2,880,312
Water Storage Tanks	467,187	50,318	-	517,505
Water Wells	201,641	7,413	-	209,054
Sewer Treatment Plan	1,679,721	67,310	-	1,747,031
Sewer Pumps and Lift Stations	806,518	5,293	-	811,811
Total Accumulated Depreciation	6,447,521	398,707	-	6,846,228
Total Business-Type Capital Assets, Net	<u><u>\$ 9,753,293</u></u>	<u><u>\$ (188,693)</u></u>	<u><u>\$ (210,014)</u></u>	<u><u>\$ 9,354,586</u></u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

9. Leases

Finance Leases

On July 21, 2020 the town entered into a lease purchase agreement with Bancorp South Equipment Finance for the purchase of a Lawn Mower. The lease is for 48 months with 48 monthly payments at an interest rate of 2.85%. The lease contains a bargain purchase agreement at the end of the lease. At June 30, 2024, the town recorded an asset of \$13,504 with accumulated depreciation of \$5,626. The balance of the lease is \$890 with a current maturity of \$890 as of June 30, 2024.

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, 2024, the town recorded an asset of \$81,884 with accumulated depreciation of \$16,377. The balance of the lease is \$33,266 with a current maturity of \$17,049 as of June 30, 2024.

Amortization schedules of the outstanding Finance Leases including interest expense of \$890 is as follows:

Finance Leases

Lawn Mower Year End	Lease Payments	Track Hoe Year End	Lease Payments
06/30/25	\$ 894	06/30/25	\$ 18,034
06/30/26	-	06/30/26	18,034
	<u>\$ 894</u>		<u>\$ 36,068</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, 2024, this lease is month to month.

Police Station Lease

The Town of Independence was leasing to the Department of Public Safety and Corrections office space in the Police Department building located in Independence to be used by the Office of State Fire Marshal. The terms of the lease are for five years commencing on June 1, 2017 through June 30, 2022 at a payment of \$1,036 per month. The Lease has an option to renew for an additional five years beginning July 1, 2022 through June 30, 2027 at a payment of \$1,036 per month. The lease was renewed for an additional two years ending on June 30, 2024.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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.

During the year the Town of Independence adopted Governmental Accounting Standard Number 87. At June 30, 2024, the Town recorded a lease receivable of \$233,574 and deferred Inflows of Rent of \$226,870.

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

Year Ended	Payments	Interest	Principal
2025	\$ 85,200	\$ 5,923	\$ 79,277
2026	85,200	3,512	81,688
2027	72,600	1,065	71,535
	<u>\$ 243,000</u>	<u>\$ 10,500</u>	<u>\$ 232,500</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

10. 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, 2024:

	Total Debt 6/30/2023	Increase in Debt	Debt Retired	Total Debt 6/30/2024	Due in One Year
Revenue Bonds	\$ 5,184,673	\$ -	\$ 118,265	\$ 5,066,408	\$ 124,488
Total	<u>\$ 5,184,673</u>	<u>\$ -</u>	<u>\$ 118,265</u>	<u>\$ 5,066,408</u>	<u>\$ 124,488</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 \$ 528,507

\$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. 1,231,135

\$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. 1,020,857

\$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. 2,285,909

Total Business-Type Activities \$ 5,066,408

An amortization schedule of the outstanding long-term debt of the Business-Type Activities including interest expense of \$2,519,358 is as follows:

Business Activities						
Year End	Sewer			Water		Totals
	Series 2015	Revenue Bond	Revenue Bond	Series 2015 A	Series 2015 B	
06/30/25	\$ 110,232	\$ 9,612	\$ 43,044	\$ 54,096	\$ 59,688	\$ 276,672
06/30/26	110,232	9,612	43,044	54,096	59,688	276,672
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
2030 - 2055	2,838,151	80,646	360,486	1,401,602	1,521,521	6,202,406
Total	<u>\$ 3,389,311</u>	<u>\$ 128,706</u>	<u>\$ 575,706</u>	<u>\$ 1,672,082</u>	<u>\$ 1,819,961</u>	<u>\$ 7,585,766</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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 ³/₄% per annum. The bonds shall be paid solely from the income and revenues derived by the Town from the operation of the sewer system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of the system be deposited in a "Sewer Revenue Fund." After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Sewer Revenue Fund as follows:

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

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

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

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

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

The town was not in compliance with the bond covenants as the sewer system revenues were not deposited into the separate Sewer Revenue Fund as required, sewer system expenses were not paid from the Sewer revenue Fund as required for at least half of the year ended June 30, 2024.

\$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:

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024.

\$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 ¾% per annum. The Bonds shall be paid solely from the income and revenues derived by the Town from the operation of the water system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of system be deposited with the Town’s fiscal agent bank in a “Water System Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Water System Revenue Fund as follows:

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

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2024.

\$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.

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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

The town was not in compliance with the bond covenants as the sewer system revenues were not deposited into the separate Sewer Revenue Fund as required, sewer system expenses were not paid from the Sewer revenue Fund as required for at least half of the year ended June 30, 2024.

11. 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.

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, 2024, was 15.50 % of annual payroll. Contributions to the System from the Town were \$51,350 for the year ended June 30, 2024.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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

At June 30, 2024, the Town reported a liability of \$304,481 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2024 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town's proportion was .379718% which is an increase of .046739% from .332979%, at June 30, 2023.

For the year ended June 30, 2024, the Town recognized a pension expense of -\$20,385. At June 30, 2024, 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	-	-
Change in Investments	39,497	-
Change in Proportion	30,926	-
Changes of Experience	4,374	107
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	51,350	-
	<u>\$ 126,147</u>	<u>\$ 107</u>

\$51,350 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, 2024. 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, 2024	32,224
June 30, 2023	18,315
June 30, 2024	25,826
June 30, 2025	(1,674)
Thereafter	-

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.50%

Salary Increases:

1-4 Years of Service 7.40%

More Than 4 Years of Service 4.90%

Investment Rate of Return 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, 2023 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.

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%	0.65%
Total	<u>100.00%</u>	<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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

("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	\$ 430,234	\$ 304,481	\$ 198,114

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, 2024

B. Municipal Police Employees' Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Police officers of the Town participate in the Municipal Police Employees' Retirement System of Louisiana (the "Police System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at www.lampers.org/auditreports.htm. 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, 2024, was 33.925% of annual payroll. Contributions to the Police System from the Town were \$112,487 for the year ended June 30, 2024.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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

At June 30, 2024, the Town reported a liability of \$883,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2024 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town's proportion was .083620%, compared to .082387%, at June 30, 2023, and .077705% at June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$65,128. At June 30, 2024, 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	14,742	-
Changes of Experience	62,230	370
Change of Investments	95,373	-
Change of Proportion	27,976	-
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	112,487	-
	<u>\$ 312,808</u>	<u>\$ 370</u>

\$200,321 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, 2024. 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, 2024	70,910
June 30, 2025	36,157
June 30, 2026	97,624
June 30, 2027	(4,740)
Thereafter	-

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	52.00	3.29%
Fixed Income	34.00	1.12%
Alternatives	14.00	0.95%
Other	-	-
Total	<u>100.00%</u>	5.36%
Inflation		2.54%
Expected Nominal Return		7.90%

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

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, 2023.

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
Town's Proportionate Share of the Net Pension Liability	\$ 1,243,074	\$ 883,443	\$ 583,019

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, 2024

12. 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, 2024, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Due from Enterprise Fund	\$ -	\$ -
Due to Utility Fund	-	154,245
Innovative Housing:		
Due from Economic Development	3,658	-
Economic Development:		
Due to Innovative Housing	-	3,658
Enterprise Funds:		
Sewer Fund		
Due to Water Fund	-	86,169
Due From General Fund	196,705	-
Water Fund		
Due to General Fund	-	42,460
Due from Sewer Fund	86,169	-
Total All Funds	<u>\$ 286,532</u>	<u>\$ 286,532</u>

Interfund Transfers

There were no interfund transfers for the fiscal year ending June 30, 2024.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2024

13. 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, 2024, taxes of 16.21 mills were levied on property with taxable assessed valuations totaling \$9,668,270 and were dedicated to the general government (6.21 mills), police protection (5.00 mills), and fire protection (5.00 mills). Current year taxes levied were \$156,766. At June 30, 2024, 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, 2024

14. On-Behalf Payments for Salaries and Benefits

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

The State of Louisiana makes supplementary salary payments to certain groups of employees. The Town is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For the fiscal year 2024, the state paid supplemental salaries to the police employees of the Town. The Town is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments.

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

	State Supplemental Salaries
Policemen Supplemental Pay	\$ 59,270
Total On-Behalf Payments	\$ 59,270

15. 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, 2024

14. Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through December 20, 2024

Required Supplemental Information (Part II)

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2024

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Taxes:				
Sales Taxes	\$ 855,400	\$ 859,849	\$ 859,834	\$ (15)
Property Taxes	199,700	156,752	164,430	7,678
Pilot Tax	8,000	8,600	8,594	(6)
Solid Waste Fees	148,300	145,100	145,150	50
Licenses and Permits	219,000	242,000	215,432	(26,568)
Fines and Forfeitures	97,000	70,000	66,784	(3,216)
Security Detail	52,700	61,200	61,188	(12)
Rental Income	122,400	123,800	130,087	6,287
Charges for Services	59,600	58,200	58,226	26
Intergovernmental	20,100	18,200	17,895	(305)
On-Behalf payments from State	46,800	58,400	59,270	870
American Rescue Plan Grant	249,768	159,600	228,423	68,823
FEMA	-	20,200	20,193	(7)
Police Grant	70,000	11,200	20,000	8,800
Other Grants	1,000	121,100	56,202	(64,898)
Other	7,400	2,900	13,491	10,591
Interest Income	2,200	1,900	12,267	10,367
Total Revenues	<u>2,159,368</u>	<u>2,119,001</u>	<u>2,137,466</u>	<u>18,465</u>
Expenditures:				
Current:				
General Government	268,800	312,300	331,619	(19,319)
Municipal Court	22,800	13,400	12,548	852
Public Safety	965,283	1,021,600	1,033,016	(11,416)
Public Works	498,800	470,200	478,694	(8,494)
Solid Waste	131,600	136,700	126,137	10,563
Debt Service:				
Principal	3,400	3,500	3,496	4
Interest	200	100	80	20
Capital Outlay	81,000	210,200	285,145	(74,945)
Total Expenditures	<u>1,971,883</u>	<u>2,168,000</u>	<u>2,270,735</u>	<u>(102,735)</u>
Excess (Deficiency) of Revenues Over Expenditures	187,485	(48,999)	(133,269)	(84,270)
Other Financing Sources:				
Transfers out	(249,768)	(9,500)	-	9,500
Insurance Reimbursements	-	26,500	26,518	18
Sale of Fixed Assets	7,500	2,200	100	(2,100)
Donations	-	-	2,171	2,171
Total Other Financing Sources	<u>(242,268)</u>	<u>19,200</u>	<u>28,789</u>	<u>9,589</u>
Change in Fund Balances	(54,783)	(29,799)	(104,480)	(74,681)
Fund Balance - Beginning of the Year	555,048	555,048	555,120	72
Fund Balance - End of the Year	<u>\$ 500,265</u>	<u>\$ 525,249</u>	<u>\$ 450,640</u>	<u>\$ (74,609)</u>

See Independent Auditor's Report.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Innovative Housing Fund
For the Year Ended June 30, 2024

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Investment Interest	\$ 4,300	\$ 5,000	\$ 6,496	\$ 1,496
Total Revenues	4,300	5,000	6,496	1,496
Expenditures:				
General Government	1,000	1,000	-	1,000
Total Expenditures	1,000	1,000	-	1,000
Excess of Revenues over Expenditures	3,300	4,000	6,496	2,496
Other Financing Sources (Uses):				
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balance	3,300	4,000	6,496	2,496
Fund Balance - Beginning of the Year	177,168	188,624	188,624	-
Fund Balance - End of the Year	\$ 180,468	\$ 192,624	\$ 195,120	\$ 2,496

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of the Town's Proportionate Share of the Net Pension Liability –
Municipal Employees' Retirement System of Louisiana
For the Year Ended June 30, 2024

Schedule 3-A

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.379718%	\$ 304,481	\$ 332,028	91.70%	73.25%
2023	0.332979%	\$ 292,350	\$ 284,853	102.63%	69.56%
2022	0.298167%	\$ 172,731	\$ 286,012	60.39%	79.14%
2021	0.312472%	\$ 283,170	\$ 242,517	116.76%	66.26%
2020	0.356019%	\$ 311,450	\$ 258,128	120.66%	66.14%
2019	0.348529%	\$ 294,797	\$ 272,163	108.32%	65.60%
2018	0.386929%	\$ 334,784	\$ 271,951	123.10%	63.49%
2017	0.521281%	\$ 213,658	\$ 305,452	69.95%	62.11%
2016	0.000000%	\$ -	\$ 93,120	0.00%	66.18%
2015	0.020476%	\$ 52,551	\$ -	0.00%	73.99%

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

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of the Town's Proportionate Share of the Net Pension Liability –
Municipal Police Employees' Retirement System of Louisiana
For the Year Ended June 30, 2024

Schedule 3-B

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.083620%	\$ 883,443	\$ 332,684	265.55%	71.30%
2023	0.082387%	\$ 842,141	\$ 284,853	295.64%	70.79%
2022	0.077705%	\$ 414,210	\$ 262,849	157.58%	84.08%
2021	0.076401%	\$ 706,123	\$ 237,059	297.87%	70.94%
2020	0.070759%	\$ 642,610	\$ 209,810	306.28%	71.00%
2019	0.065900%	\$ 556,455	\$ 220,972	251.82%	71.88%
2018	0.006351%	\$ 554,478	\$ 237,833	233.14%	70.08%
2017	0.054470%	\$ 510,565	\$ 189,602	269.28%	66.00%
2016	0.015900%	\$ 124,560	\$ 152,193	81.84%	70.73%
2015	0.017003%	\$ 106,372	\$ 42,540	250.05%	75.10%

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

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of the Town's Contribution –
Municipal Employees' Retirement System of Louisiana
For the Year Ended June 30, 2024

Schedule 4-A

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
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%
2015	\$ -	\$ -	\$ -	\$ -	0.00%

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of the Town's Contribution –
Municipal Police Employees' Retirement System of Louisiana
For the Year Ended June 30, 2024

Schedule 4-B

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
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%
2015	\$ 13,400	\$ (13,400)	\$ -	\$ 42,540	31.50%

See Independent Auditor's Report.

Other Supplemental Information

Town of Independence, Louisiana
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

Schedule 5

	LCDBG Economic Development 1987 Fund	Total Non-Major Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 1,766	\$ 1,766
Due from Other Funds	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,766</u>	<u>\$ 1,766</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts Payable	\$ -	\$ -
Due to Other Funds	<u>3,658</u>	<u>3,658</u>
Total Liabilities	<u>3,658</u>	<u>3,658</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>(1,892)</u>	<u>(1,892)</u>
Total Fund Balances	<u>(1,892)</u>	<u>(1,892)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,766</u>	<u>\$ 1,766</u>

See Independent Auditor's Report.

Town of Independence, Louisiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
For the Year Ended June 30, 2024

Schedule 6

	LCDBG Economic Development 1987 Fund	Total Non-Major Governmental Funds
Revenues:		
Donations	\$ -	\$ -
Rental Income	-	-
Investment Interest	71	71
Total Revenues	71	71
Expenditures:		
General Government:		
Fireworks	-	-
Professional Fees	-	-
Public Works	-	-
Total Expenditures	-	-
Excess of Revenues over Expenditures	71	71
Other Financing Sources (Uses):		
Interstate Clearing	-	-
Operating Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Change in Fund Balance	71	71
Fund Balances - Beginning of the Year	(1,963)	(1,963)
Fund Balances - End of the Year	<u>\$ (1,892)</u>	<u>\$ (1,892)</u>

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of Compensation of Paid Elected Officials
For the Year Ended June 30, 2024

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	\$ 21,867	\$ -
Eric Costa	Board of Alderman	July 1, 2020- June 30, 2028	6,000	-
Frank Edwards	Police Chief	July 1, 2020 June 30, 2028	49,995	7,200
Jimmy Gregory	Board of Aldermen	July 1, 2020 - June 30, 2024	6,000	-
Larry Cardaronella	Board of Aldermen	July 1, 2020 - June 30, 2028	6,000	-
Luciano Suarez	Board of Aldermen	July 1, 2020 June 30, 2028	6,000	-
Joe Galofaro	Board of Aldermen	July 1, 2020 June 30, 2028	6,000	-
Total			<u>\$ 101,862</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, 2024

Schedule 8

Agency Head: Honorable Jim Paine, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 21,867
Benefits - Health Insurance	-
Benefits - Other Insurance	-
Social Security & Medicare	1,673
Benefits - Retirement	3,389
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	-
	<u>\$ 26,929</u>

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of Insurance Coverage in Force
For the Year Ended June 30, 2024

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	4/11/2025
		Personal Property	53,155	4/11/2025
		Fence	8,190	4/11/2025
	Fire Station # 2	Buildings	135,000	4/11/2025
		Personal Property	26,520	4/11/2025
		Equipment	59,136	4/11/2025
		Building	131,200	4/11/2025
		Personal Property	10,920	4/11/2025
	Senior Citizen Center	Buildings	220,000	4/11/2025
		Personal Property	52,000	4/11/2025
		Fence	35,000	4/11/2025
	Police Station	Buildings	364,000	4/11/2025
		Personal Property	120,000	4/11/2025
	Pavilion	Buildings	325,000	4/11/2025
	Museum	Buildings	540,000	4/11/2025
	Head Start Building	Buildings	900,000	4/11/2025
	Fire Station	Buildings	400,000	4/11/2025
	Waste Water Treatment	Buildings	600,000	4/11/2025
		Fence	70,000	4/11/2025
		Office Building	575,000	4/11/2025
	Belt Room	Buildings	352,000	4/11/2025
		Personal Property	200,000	4/11/2025
		Building	200,000	4/11/2025
		Personal Property	5,000	4/11/2025
	Blower Room	Buildings	200,000	4/11/2025
		Personal Property	5,000	4/11/2025
	Dumpster Building	Buildings	10,000	4/11/2025
	Canon Copier	Equipment	5,417	4/11/2025
	Case Short Boom	Equipment	37,775	4/11/2025
Rod Prejean & Associates	Case Backhoe	Equipment	56,000	7/18/2025
	Pipe Hunter	Equipment	72,000	7/18/2025
	Bush hog	Equipment	11,600	7/18/2025
	2013 Kubota Lawn Mower	Equipment	7,900	7/18/2025
	2017 Kubota Utility Cab	Equipment	35,000	7/18/2025
	2012 Case Backhoe	Equipment	26,729	7/18/2025

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of Insurance Coverage in Force
For the Year Ended June 30, 2024

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	5/7/2025
Landmark American Insurance CO				
	New City Hall	Buildings	576,200	4/11/2025
		Personal Property	100,000	4/11/2025
	Storage Shed	Building	50,000	4/11/2025
		Personal Property	50,000	4/11/2025
Markel Insurance Co.				
	Kubota	Equipment	16,468	4/11/2025
Rod Prejean & Associates				
	2007 Chev Crew Cab	Vehicle	2,500	5/14/2025
	2000 C3500 HD	Vehicle	4,000	5/14/2025
	2006 Charger	Vehicle	10,000	5/14/2025
	2014 Tahoe	Vehicle	25,000	5/14/2025
	2002 DS Dump truck	Vehicle	21,000	5/14/2025
	2005 3500	Vehicle	5,000	5/14/2025
	2004 F150	Vehicle	2,000	5/14/2025
	2002 1500 Pickup	Vehicle	8,000	5/14/2025
	2019 Tahoe	Vehicle	32,490	5/14/2025
	2019 Tahoe	Vehicle	32,490	5/14/2025
Powell Insurance				
		Flood Insurance	105,000	5/8/2025
		Flood Insurance	53,000	5/8/2025

See Independent Auditor's Report.

Town of Independence, Louisiana
Water and Sewer Rate Schedule
June 30, 2024

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	678			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	64			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>761</u>						

See Independent Auditor's Report.

Town of Independence, Louisiana
Schedule of Water and Sewer Information
June 30, 2024

Schedule 11

Accounts Receivable:

As of June 30, 2024, accounts receivable from water and sewer billings were as follows:

<u>Water, Sewer, Garbage, Fire & Police Receivable</u>	
Total Per Billing System	\$ 125,823
Allowance for Doubtful Accounts	<u>(14,609)</u>
	<u>\$ 111,214</u>

Schedule of Aged Receivables

<u>Balance</u>	<u>Current</u>	<u>30 Days</u>	<u>60 Days</u>	<u>Over 60 Days</u>
\$ 125,823	\$ 117,209	\$ 10,828	\$ (1,356)	\$ (858)

Water and Sewer Users

As of June 30, 2024, water and sewer users were composed of the following:

<u>Customer Type</u>	<u>Number</u>
Residential	678
Commercial	64
Schools	5
Major Commercial / Industrial	2
Church	<u>12</u>
Total	<u>761</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, 2024

Schedule 12

	First Six Month Period Ended 12/31/2023	Second Six Month Period Ended 6/30/2024
Cash Basis Presentation		
Beginning Balance of Amounts Collected(I.E. cash on hand)	\$ 297	\$ 223
Add: Collections		
Other (do not include collections that fit into more specific categories above)	<u>27,029</u>	<u>39,755</u>
Subtotal Collections	<u>27,029</u>	<u>39,755</u>
Less: Disbursements to Governments & Nonprofits:		
Treasury State of Louisiana CMIS	133	181
DHH Traumatic Head & Spinal Cord Injury Trust	185	275
Judicial Administration, Supreme Court of LA	96	103
Louisiana Commission on Law Enforcement	374	402
Florida Parishes Juvenile Justice Commission	665	905
Tangipahoa Crime Stoppers	266	362
Less: Amount Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Other	25,384	35,148
Less: Disbursements to Individual/3rd Party Collection or Processing Agencies	<u>-</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>27,103</u>	<u>37,376</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ 223</u></u>	<u><u>\$ 2,602</u></u>

See Independent Auditor's Report.

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

Dennis E. James, CPA
Paul M. Riggs, Jr., CPA
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Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana (the "Town"), as of and for the year ended June 30, 2024, 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 20, 2024.

Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

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

Report on Compliance and Other Matters

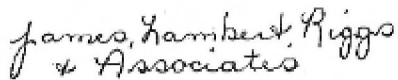
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003.

Town of Independence, Louisiana's Response to Findings

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

Purpose of this Report

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



James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 20, 2024

Town of Independence, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Independence's basic financial statements, and have issued our report thereon dated December 20, 2024.

Section I – Summary of Auditor's Reports

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

Internal Control:

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

Compliance:

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

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

Internal Control over Financial Reporting

2024-001 – Lack of Internal Controls over Bank Accounts and Bank Reconciliations

Condition:

During our audit and testing of internal control procedures over bank accounts and bank reconciliations, we noted several weaknesses in internal controls. The weaknesses are noted below:

- During the audit, the auditors were provided a QuickBooks general ledger, which included two bank accounts called "Operating Savings Account" and "LAMP Fund." During the performance of the Louisiana Legislative Auditor Statewide Agreed-Upon Procedures engagement, we asked the Town to provide us with a list of all bank accounts. This listing did not include the "Operating Savings Account" and the "Louisiana Asset Management Pool Account – Operating Fund."
- Per conversation with management and a review of the Town's accounting records, the Town opened the "Operating Savings Account" in the General Fund in September 2023. During the audit, Town employees did not have any bank statements or bank reconciliations for this account.
- The Town was only able to provide the monthly / quarterly statements for the "Operating Savings Account" after requesting them from the Town's fiscal agent bank.
- After reviewing the monthly / quarterly bank statements of the "Operating Savings Account," we noted that the Town's general ledger does not reflect all activity that took place throughout the fiscal year, as per the bank statements. The general ledger did not indicate a transfer in and subsequent transfer out of funds between other existing Town bank accounts.

Town of Independence, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

- As the Town did not have any physical bank statements or bank reconciliations for the “Operating Savings Account,” the auditor is unable to determine if the account was properly reviewed and approved by management and the board, according to the Town’s internal control procedures over bank accounts and bank reconciliations.
- Per conversation with management and a review of the Town’s accounting records, the Town opened the “Louisiana Asset Management Pool Account – Operating Fund” in the General Fund in September 2023. During the audit, we noted that the only reconciliation for this account was performed as of June 30, 2024.
- As the Town did not perform any monthly bank reconciliations for the “Louisiana Asset Management Pool Account – Operating Fund,” the auditor is unable to determine if the account was properly reviewed and approved by management and the board, according to the Town’s internal control procedures over bank accounts and bank reconciliations.

Criteria:

Internal controls over bank accounts and bank reconciliations should be suitably designed so that errors, irregularities, or fraud can be prevented or detected and corrected in a timely manner by management or employees during the normal course of performing their assigned duties.

Cause:

The cause of this condition seems to be oversight by management and lack of monitoring of internal controls over bank accounts and bank reconciliations.

Effect:

Failure to follow proper internal control procedures over bank accounts and bank reconciliations, creates an environment in which errors, or irregularities could occur and not be prevented and detected in a timely manner.

Recommendation:

We recommend that the Town follow their internal control procedures over bank accounts and bank reconciliations. We also recommend that any new bank accounts that the Town opens should be approved by the board in advance.

Management’s Response:

See management’s response.

Compliance and Other Matters

2024-002 – Violation of \$2,632,000 Sewer Revenue Bond Series 2015 Bond Ordinance and \$975,000 Sewer Revenue Bond Series 1997 Bond Resolution

Condition:

On June 25, 2014, the Town, through its governing authority, adopted an ordinance authorizing the issuance of \$2,632,000 of Sewer Revenue Bonds, Series 2015, to make improvements to the Town’s sewer system. On March 11, 1997, the Town, through its governing authority, adopted a resolution authorizing the issuance of \$975,000 Sewer Revenue Bonds, Series 1997, also to make improvements to the Town’s sewer system. In Both the \$2,632,000 Sewer Revenue Bond, Series 2015 Bond Ordinance and the \$975,000 Sewer Revenue

Town of Independence, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Bond, Series 1997 Bond Resolution, the Town entered into various covenants with the future owners of the Bonds as to the management and operation of the System.

During our audit and testing of the Town's compliance with the various covenants contained in the \$2,632,000 Sewer Revenue Bond, Series 2015 Bond Ordinance and the \$975,000 Sewer Revenue Bond, Series 1997 Bond Resolution, we noted several instances in which the Town failed to comply with the Bond.

This finding was noted in prior year audits.

Criteria:

The specific requirements of the \$2,632,000 Sewer Revenue Bonds, Series 2015 Bond Ordinance and the manner in which the Town failed to comply are as follows:

- Section 10 of the \$2,632,000 Sewer Revenue Bond, Series 2015, Bond Ordinance requires *"all of the income and revenues derived or to be derived by the Issuer from the operation of the System shall continue to be deposited as the same may be collected in a separate and special bank account established with the regularly designated fiscal agent bank of the Issuer pursuant to the Parity Bond Resolution and known and designated as the "Sewer Reserve Fund" (the "Revenue Fund"), said Fund to be maintained and administered in the following order of priority and for the following express purposes: (a) The payment of, first, all reasonable and necessary expenses of operating and maintaining the System."*
- Section 10 of the \$975,000 Sewer Revenue Bond, Series 1997 Bond Resolution contains a similar requirement.
- Section 13(d) of the \$2,632,000 Sewer Revenue Bond, Series 2015, Bond Ordinance requires *"That it will maintain separate records and accounts and make full and correct entries of all transactions relating to the system."*
- Section 13(d) of the \$975,000 Sewer Revenue Bond, Series 1997 Bond Resolution contains similar language.

The Town co-mingled and deposited all income and revenues derived from the operation of the Sewer System and the Water System into one bank account titled "Water Enterprise Account." Furthermore, for the first 6 months of the fiscal year, the Town paid all operating expenses of both the Sewer System and Water System out of the same bank account.

Cause:

The cause of this condition appears to be the Town continues to be following the advice of the Town's external accountant.

Effect:

The failure to properly deposit all income and revenues derived from the operation of the Sewer System into the Sewer Revenue Fund, to pay all operating expenses of maintaining the Sewer Fund out of the Sewer Revenue Fund and to maintain separate records and accounts for the Sewer System as required by the Bond Ordinance and Bond Resolution resulted in a comingling of sewer system funds with water system funds weakening the fiscal integrity of each individual fund.

Town of Independence, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Recommendations:

We recommend the Town segregate the sewer system revenues and expenses from the water system revenues and expenses by depositing all sewer system revenues and paying all sewer system expenses from the Sewer Revenue Fund bank account as required by the Bond Ordinance and Bond Resolution.

Management's Response:

See management's response.

2024-003 – Compliance with the March 31, 2007 ½% Sales Tax Referendum

Condition:

The Town did not comply with certain provisions of the March 31, 2007 ½% Sales Tax Referendum in depositing sales tax receipts into the Sewer Enterprise Fund during the year ended June 30, 2024.

Criteria:

The Town's voters approved a ½% Sales Tax on March 31, 2007. The pertinent parts of the law and the manner in which the Town did not comply are as follows:

"Shall the Town of Independence...be authorized to levy and collect a tax of one-half of one percent (1/2%)...with the proceeds of the Tax to be dedicated and used for the purposes of constructing, acquiring, extending, improving, operating and / or maintaining sewers and sewerage disposal works for the Town..."

For the year ended June 30, 2024, the Town collected a total of \$214,958 for the ½% sales tax dedicated for the Sewer Enterprise Fund. Per a review of the Town's general ledger and banking activity during the year, these proceeds were not deposited into a bank account of the Sewer Enterprise Fund.

Cause:

The cause of this condition appears to be an oversight on behalf of the Town when collecting and depositing sales taxes during the year.

Effect:

Failure to deposit the sales taxes into the Sewer Enterprise Fund bank account resulted in the Town not complying with the requirements of the March 31, 2007 ½% Sales Tax Referendum for the year ended June 30, 2024.

Town of Independence, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Recommendation:

We recommend that the Town immediately transfer the collected sales taxes to the Sewer Enterprise Fund bank account. We also recommend that the Town take steps to ensure that the proceeds of the ½% sales tax are deposited into the Sewer Enterprise Fund's bank account each month when the taxes are collected.

Management's Response:

See management's response.

Town of Independence, Louisiana
Schedule of Prior Findings and Questioned Costs
For the Year Ended June 30, 2024

<u>Ref.#</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>
<u>Internal Control Findings</u>			
None			
<u>Compliance Findings</u>			
2023-001	Local Government Budget Act - Innovative Housing	Resolved	Completed
2023-002	Violation of Sewer Revenue Bond Ordinance and Bond Resolution	None	Segregate water and sewer revenues and expenses required by Bond Ordinance and Bond Resolution.

Town of Independence

Mayor Jim Paine



Post Office Box 35
Independence, Louisiana 70443

LUKE SUAREZ
Mayor Pro-Tem

Aldermen
LARRY CARDARONELLA
MICHAEL MUSCARELLO
ERIC COSTA
JOE GALOFARO

JULIE PETERSON
Town Clerk

GEORGE "PEEWEE" BICKFORD
Maintenance Supervisor

FRANK EDWARDS III
Police Chief

December 26, 2024

James, Lambert, Riggs and Associates, Inc.
401 E. Thomas Street
Hammond, La 70401

This letter is in response to the Fiscal Audit for the Town of Independence for the fiscal year ending June 30, 2024. The town staff will continue to work closely with the Board of Aldermen and Town CPA Phil Hebert, to ensure all policies and procedures are adhered to and implemented correctly.

Sincerely,


Jim Paine
Mayor

City Hall: 985-878-4145

Fax: 985-878-4568

"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."

TOWN OF INDEPENDENCE, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2024

Dennis E. James, CPA
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Independent Accountants' Report on Applying Agreed-Upon Procedures

To Honorable Jim Paine, Mayor
Town of Independence
Independence, Louisiana and the Louisiana Legislative Auditor

Louisiana Legislative Auditor
Baton Rouge, 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, 2023 through June 30, 2024. The Town of Independence (the "Town")'s management is responsible for those C/C areas identified in the SAUPs.

The Town 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 the LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, the 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 detailed in Schedule "A."

We were engaged by the Town 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 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.

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

December 20, 2024

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - iv. ***Receipts / Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - v. ***Payroll / Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - **Results:** The Town does not have a written policy on contracting.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - **Results:** No exceptions were noted as a result of the above listed procedure.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

- **Results:** The Town does not have a written policy on Debt Service.

- xi. **Information Technology Disaster Recovery / Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing / verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches / updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- **Results:** The Town does have a written policy on Information Technology Disaster Recovery / Business Continuity, however it does not address all items above.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

- **Results:** No exceptions were noted as a result of the above listed procedure.

2) Board or Finance Committee

- A. Obtain and inspect the board / finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board / finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- 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.*

- **Results:** No meeting minutes referenced or included the above financial information.

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.

- **Results:** No exceptions were noted as a result of the above listed procedure.

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.

- **Results:** There are no written updates of the progress of prior year audit findings discussed in the meeting minutes.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- **Results:** No exceptions were noted as a result of the above listed procedure.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- **Results:** No exceptions were noted as a result of the above listed procedure.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

- **Results:** No exceptions were noted as a result of the above listed procedure.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- **Results:** No exceptions were noted as a result of the above listed procedure.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for

5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers / registers;

- **Results:** No exceptions were noted as a result of the above listed procedure.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- **Results:** No exceptions were noted as a result of the above listed procedure.

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee / official is responsible for reconciling ledger postings to each other and to the deposit; and

- **Results:** No exceptions were noted as a result of the above listed procedure.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee / official verifies the reconciliation.

- **Results:** No exceptions were noted as a result of the above listed procedure.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- **Results:** No exceptions were noted as a result of the above listed procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

i. Observe that receipts are sequentially pre-numbered.

- **Results:** No exceptions were noted as a result of the above listed procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- **Results:** No exceptions were noted as a result of the above listed procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- **Results:** No exceptions were noted as a result of the above listed procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

- **Results:** No exceptions were noted as a result of the above listed procedure.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

- **Results:** No exceptions were noted as a result of the above listed procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iii. The employee responsible for processing payments is prohibited from adding / modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iv. Either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- **Results:** No exceptions were noted as a result of the above listed procedure.

- v. Only employees / officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

- **Results:** No exceptions were noted as a result of the above listed procedure.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- **Results:** No exceptions were noted as a result of the above listed procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

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

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

- i. 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

- **Results:** For the 5 cards examined, none showed evidence that the statements and related documentation were reviewed and approved in writing by someone other than the authorized card holder.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms / prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

- **Results:** No exceptions were noted as a result of the above listed procedure.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- **Results:** No exceptions were noted as a result of the above listed procedure.

iii. Observe that each reimbursement is supported by documentation of the business / public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

- **Results:** No exceptions were noted as a result of the above listed procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- **Results:** No exceptions were noted as a result of the above listed procedure.

- ii. Observe whether the contract was approved by the governing body / board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- **Results:** No exceptions were noted as a result of the above listed procedure.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

- **Results:** No exceptions were noted as a result of the above listed procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - **Results:** No exceptions were noted as a result of the above listed procedure.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary / pay rate found within the personnel file.
 - **Results:** No exceptions were noted as a result of the above listed procedure.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- **Results:** No exceptions were noted as a result of the above listed procedure.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
- **Results:** No exceptions were noted as a result of the above listed procedure.

10) Ethics

- A. 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
 - **Results:** For the 5 selected employees / officials, 2 did not complete their one hour of ethics training during the calendar year.

- 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.

- **Results:** No exceptions were noted as a result of the above listed procedure.

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

- **Results:** No exceptions were noted as a result of the above listed procedure.

11) Debt Service

- A. Obtain a listing of bonds / notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- B. Obtain a listing of bonds / notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond / note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

- **Results:** No exceptions were noted as a result of the above listed procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- **Results:** No exceptions were noted as a result of the above listed procedure.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

- **Results:** No exceptions were noted as a result of the above listed procedure.

13) Information Technology Disaster Recovery / Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence

that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

- **Results:** We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested / verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing / verifying backup restoration) and observe evidence that the test / verification was successfully performed within the past 3 months.

- **Results:** We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- **Results:** We performed the procedure and discussed the results with management.

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

- **Results:** We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees / officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

- **Results:** We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. 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.

- **Results:** For the 5 selected employees / officials, 2 did not complete their one hour of sexual harassment training during the calendar year.

B. 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).

- **Results:** No exceptions were noted as a result of the above listed procedure.

C. 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;

- **Results:** No exceptions were noted as a result of the above listed procedure.

ii. Number of sexual harassment complaints received by the agency;

- **Results:** No exceptions were noted as a result of the above listed procedure.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- **Results:** No exceptions were noted as a result of the above listed procedure.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- **Results:** No exceptions were noted as a result of the above listed procedure.

v. Amount of time it took to resolve each complaint.

- **Results:** No exceptions were noted as a result of the above listed procedure.

Town of Independence

Mayor Jim Paine

JULIE PETERSON
Town Clerk

LUKE SUAREZ
Mayor Pro-Tem

GEORGE "PEEWEE" BICKFORD
Maintenance Supervisor

FRANK EDWARDS III
Police Chief



Post Office Box 35
Independence, Louisiana 70443

Aldermen
LARRY CARDARONELLA
MICHAEL MUSCARELLO
ERIC COSTA
JOE GALOFARO

December 26, 2024

James, Lambert, Riggs and Associates, Inc.
401 E. Thomas Street
Hammond, LA 70401

Management of the Town of Independence, Louisiana would like to present the following response to the results of the June 30, 2024, Statewide Agreed-Upon Procedures conducted by James, Lambert, Riggs and Associates, Inc.

Written Policies and Procedures

Agency Response: Management will update the policy and procedures manual to update the deficient areas noted (Contracting, Debt Service, Information Technology Disaster Recovery).

Credit Cards

Agency Response: Management will have a second person review the statement before payment can be processed.

Ethics

Agency Response: Management will send out training reminders starting in January so that employees have time to complete the required training. Any new employees will be required to take the training during their first week of hire.

Prevention of Sexual Harassment

Agency Response: Management will send out training reminders starting in January so that employees have time to complete the required training. New employees will be required to take the training during their first week of hire.

Sincerely,


Jim Paine
Mayor

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Fax: 985-878-4568