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TOWN OF INDEPENDENCE, LOUISIANA  
REPORT ON AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1999

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Release Date \_\_\_\_\_

8 23 2000

TOWN OF INDEPENDENCE, LOUISIANA

YEAR ENDED JUNE 30, 1999

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# Durnin & James

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September 15, 1999

## Independent Auditor's Report

Honorable Phillip F. Domiano, Mayor  
and the Members of the Board of Aldermen  
Town of Independence, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Independence, Louisiana, as of June 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Independence, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Independence, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 1999, on our consideration of the Town of Independence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Independence, Louisiana taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Independence, Louisiana. Such information, except for

TOWN OF INDEPENDENCE, LOUISIANA

that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the respective general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Town of Independence, Louisiana.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPA'S

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

EXHIBIT A

TOWN OF INDEPENDENCE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1999

ASSETS	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	GENERAL ASSETS	GENERAL LONG-TERM DEBT	1999	(MEMORANDUM ONLY) 1998	
Cash	\$146,223	\$ 364,328	\$331,300	\$28,941	\$ 203,200	\$ -	\$ -	\$1,073,992	\$ 602,368	
Investments	25,000	268,461	-	45,000	30,000	-	-	368,461	308,461	
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):										
Taxes	16,750	16,130	-	-	4,033	-	-	36,913	32,656	
Accounts	-	-	-	-	31,797	-	-	31,797	30,644	
Notes	-	402,571	-	-	-	-	-	402,571	407,947	
Accrued Interest	-	1,915	-	-	759	-	-	2,674	2,673	
Other	-	-	-	-	-	-	-	-	1,000	
Due from Other Governments	11,851	-	-	-	-	-	-	11,851	164,632	
Due from Other Funds	56,934	39,390	-	7,072	20,039	-	-	123,435	106,659	
Restricted Funds:										
Cash	-	-	-	-	102,885	-	-	102,885	95,613	
Investments	-	-	-	-	10,000	-	-	10,000	10,000	
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	-	-	-	-	3,393,212	599,421	-	3,992,633	4,028,805	
Amount Available in Debt Service Funds	-	-	-	-	-	-	73,941	73,941	62,327	
Amount to be Provided for General Long-Term Debt Retirement	-	-	-	-	-	-	-	451,052	132,302	
Total Assets	\$256,758	\$1,092,795	\$331,300	\$81,013	\$3,795,925	\$599,421	\$525,000	\$5,682,212	\$5,986,094	
LIABILITIES										
Accounts Payable	\$ 36,633	\$ -	\$ -	\$ -	\$ 2,656	\$ -	\$ -	\$ 39,289	\$ 61,966	
Accrued Payroll and Payroll Taxes Payable	14,355	-	-	-	-	-	-	14,355	12,145	
Due to Other Funds	38,390	1,864	-	7,072	76,109	-	-	123,435	106,659	
Deferred Revenues	-	-	-	-	-	-	-	-	-	
Sales Tax Collection Fee Payable	-	103	-	-	26	-	-	129	144	
Construction Contract Payable	-	-	330,975	-	-	-	-	330,975	121,923	
Accrued Employee Leave	6,545	-	-	-	-	-	-	6,545	5,202	

(CONTINUED)



EXHIBIT A  
(CONTINUED)

TOWN OF INDEPENDENCE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

June 30, 1999

LIABILITIES (CONTINUED)	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY) 1999
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	GENERAL FIXED ASSETS	LONG-TERM DEBT	
Payable from Restricted Assets:								
Revenue Bonds	-	-	-	30,423	-	-	-	30,423
Accrued Interest	-	-	-	1,660	-	-	-	1,660
Customers' Deposits	-	-	-	16,260	-	-	-	16,260
General Obligation Bonds Payable	-	-	-	-	-	175,000	-	175,000
Revenue Bonds Payable	-	-	-	1,055,920	-	-	-	1,055,920
Capital Lease Obligation	-	-	-	-	-	-	-	-
Obligation Under Grant Agreement	-	-	-	-	-	-	-	-
Certificate of Indebtedness	-	-	-	-	-	350,000	-	350,000
Note Payable	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 95,923</b>	<b>\$ 1,967</b>	<b>\$ 330,975</b>	<b>\$ 7,072</b>	<b>\$ 1,183,054</b>	<b>\$ -</b>	<b>\$ 525,000</b>	<b>\$ 2,143,991</b>
								<b>\$ 1,638,732</b>
<b>FUND EQUITY</b>								
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ 2,669,162	\$ -	\$ -	\$ 2,669,162
Investment in General Fixed Assets	-	-	-	-	-	599,421	-	599,421
Retained Earnings:								
Reserved for Bond Retirement	-	-	-	-	64,542	-	-	64,542
Unreserved - Undesignated (Deficit)	-	-	-	-	(120,833)	-	-	(120,833)
Fund Balances:								
Reserved for Debt Service	-	-	-	73,941	-	-	-	73,941
Unreserved - Designated	-	709,620	325	-	-	-	-	709,945
Unreserved - Undesignated	160,835	381,208	-	-	-	-	-	542,043
<b>Total Fund Equity</b>	<b>\$ 160,835</b>	<b>\$ 1,090,828</b>	<b>\$ 325</b>	<b>\$ 73,941</b>	<b>\$ 2,612,871</b>	<b>\$ 599,421</b>	<b>\$ -</b>	<b>\$ 4,538,221</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 256,758</b>	<b>\$ 1,092,795</b>	<b>\$ 331,300</b>	<b>\$ 81,013</b>	<b>\$ 3,795,925</b>	<b>\$ 599,421</b>	<b>\$ 525,000</b>	<b>\$ 6,682,212</b>
								<b>\$ 5,986,094</b>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1999

	GOVERNMENTAL FUND TYPES				TOTALS	
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	(MEMORANDUM ONLY)	
					1999	1998
<b>Revenues:</b>						
Taxes	\$ 85,389	\$ 239,988	\$ -	\$ -	\$ 325,377	\$ 305,079
Licenses and Permits	132,973	-	-	-	132,973	119,842
Intergovernmental	75,452	-	-	-	72,452	65,558
Fines and Forfeits	9,122	-	-	-	9,122	9,789
Solid Waste	79,183	-	-	-	79,183	78,871
Interest	4,595	32,499	1,112	3,205	41,411	34,293
On behalf payments by state	18,250	-	-	-	18,250	17,176
Miscellaneous	<u>45,666</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>51,166</u>	<u>46,866</u>
Total Revenues	\$ <u>450,630</u>	\$ <u>277,987</u>	\$ <u>1,112</u>	\$ <u>3,205</u>	\$ <u>732,934</u>	\$ <u>677,474</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	\$ 176,971	\$ 7,179	\$ -	\$ -	\$ 184,150	\$ 196,914
Public Safety	208,815	-	-	-	208,815	189,316
Streets and Parks	73,980	-	-	-	73,980	63,989
Solid Waste	79,605	-	-	-	79,605	77,030
Health and Safety	-	-	-	-	-	-
Other	10,237	856	-	-	11,093	6,530
Capital Outlay	36,356	-	350,787	-	387,143	62,356
Debt Service	<u>4,719</u>	<u>-</u>	<u>-</u>	<u>32,206</u>	<u>36,925</u>	<u>55,204</u>
Total Expenditures	\$ <u>590,683</u>	\$ <u>8,035</u>	\$ <u>350,787</u>	\$ <u>32,206</u>	\$ <u>981,711</u>	\$ <u>651,339</u>
Excess (Deficiency) of Revenues Over Expenditures	(140,053)	269,952	(349,675)	(29,001)	(248,777)	26,135
<b>Other Financing Sources(Uses):</b>						
Operating Transfers In	\$ 212,153	\$ -	\$ -	\$ 47,687	\$ 259,840	\$ 219,951
Operating Transfers Out	-	(192,307)	-	-	(192,307)	(168,807)
Bond Proceeds	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ <u>212,153</u>	\$ <u>(192,307)</u>	\$ <u>350,000</u>	\$ <u>47,687</u>	\$ <u>417,533</u>	\$ <u>51,144</u>
Excess (Deficiency) of Revenues and Other Sources Over Expendi- tures and Other Uses	\$ 72,100	\$ 77,645	\$ 325	\$ 18,686	\$ 168,756	\$ 77,279
Fund Balances at Beginning of Year	<u>88,735</u>	<u>1,013,183</u>	<u>-</u>	<u>62,327</u>	<u>1,164,245</u>	<u>1,086,966</u>
Fund Balances at End of Year	\$ <u>160,835</u>	\$ <u>1,090,828</u>	\$ <u>325</u>	\$ <u>81,013</u>	\$ <u>1,333,001</u>	\$ <u>1,164,245</u>

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS)  
AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended June 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUND			TOTAL		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Taxes	\$ 84,750	\$ 85,389	\$ 639	\$ 224,000	\$ 239,988	\$ 15,988	\$ 308,750	\$ 325,377	\$ 16,627
Licenses and Permits	111,700	132,973	21,273	-	-	-	111,700	132,973	21,273
Intergovernmental	61,592	75,452	13,860	-	-	-	61,592	75,452	13,860
Fines and Forfeits	10,000	9,122	(878)	-	-	-	10,000	9,122	(878)
Solid Waste	77,671	79,183	1,512	-	-	-	77,671	79,183	1,512
Interest	3,500	4,595	1,095	27,683	32,499	4,816	31,183	37,094	5,911
On behalf payments by state	13,344	18,250	4,906	-	-	-	13,344	18,250	4,906
Miscellaneous	25,200	45,666	20,466	-	5,500	5,500	25,200	51,166	25,966
Total Revenues	\$ 387,757	\$ 450,630	\$ 62,873	\$ 251,683	\$ 277,987	\$ 26,304	\$ 639,440	\$ 728,617	\$ 89,177
Expenditures:									
Current:									
General Government	\$ 188,831	\$ 176,971	\$ 11,860	\$ 24,400	\$ 7,179	\$ 17,221	\$ 213,231	\$ 184,150	\$ 29,081
Public Safety	206,556	208,815	(2,259)	-	-	-	206,556	208,815	(2,259)
Streets and Parks	81,643	73,980	7,663	-	-	-	81,643	73,980	7,663
Solid Waste	77,600	79,605	(2,005)	-	-	-	77,600	79,605	(2,005)
Health and Safety	-	-	-	-	-	-	-	-	-
Other	12,745	10,237	2,508	-	856	(856)	12,745	11,093	1,652
Capital Outlay	83,200	36,356	46,844	20,000	-	20,000	103,200	36,356	66,844
Debt Service	4,978	4,719	259	-	-	-	4,978	4,719	259
Total Expenditures	\$ 655,553	\$ 590,683	\$ 64,870	\$ 44,400	\$ 8,035	\$ 36,365	\$ 699,953	\$ 598,718	\$ 101,235
Excess (Deficiency) of Revenues Over Expenditures	\$ (267,796)	\$ (140,053)	\$ 127,743	\$ 207,283	\$ 269,952	\$ 62,669	\$ (60,513)	\$ 129,899	\$ 190,412
Other Financing Sources (Uses):									
Operating Transfers In	204,250	212,153	7,903	2,400	-	(2,400)	206,650	212,153	5,503
Operating Transfers Out	(2,400)	-	2,400	(203,243)	(192,307)	10,936	(205,643)	(192,307)	13,336
Loan Proceeds	25,500	-	(25,500)	-	-	-	25,500	-	(25,500)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (40,446)	\$ 72,100	\$ 112,546	\$ 6,440	\$ 77,645	\$ 71,205	\$ (34,006)	\$ 149,745	\$ 183,751
Fund Balances at Beginning of Year	88,735	88,735	-	1,015,595	1,013,183	(2,412)	1,104,330	1,101,918	(2,412)
Fund Balances at End of Year	\$ 48,289	\$ 160,835	\$ 112,546	\$ 1,022,035	\$ 1,090,828	\$ 68,793	\$ 1,070,324	\$ 1,251,663	\$ 181,339

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE

For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues:		
Charges for Services:		
Water and Other Services	\$ 285,478	\$ 222,580
Delinquent Charges	6,114	6,767
Connection Fees	2,850	3,350
Miscellaneous	-	-
Total Operating Revenues	<u>\$ 294,442</u>	<u>\$ 232,697</u>
Operating Expenses:		
Salaries	\$ 49,941	\$ 41,494
Employee Retirement and Medicare	4,196	3,013
Office Expense	3,040	2,983
Repairs and Maintenance	30,845	22,317
Fuel for Equipment	1,789	3,713
Operating Supplies	2,579	5,278
Utilities	54,857	31,721
Insurance	4,777	10,984
Professional Fees	30,400	16,107
Miscellaneous Expenses	952	3,361
Sales Tax Collector Fee Expense	390	364
Sewer Plant Expense	3,619	4,190
Depreciation	104,115	58,771
Bad Debts	<u>2,496</u>	<u>4,586</u>
Total Operating Expenses	<u>\$ 293,996</u>	<u>\$ 208,882</u>
Operating Income (Loss)	\$ 446	\$ 23,815
Nonoperating Income (Expense):		
Interest Earned	11,618	11,065
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	59,998	55,947
Interest Paid	(50,787)	(30,139)
State Grant	-	-
Income (Loss) Before Operating Transfers	\$ 21,275	\$ 60,688
Operating Transfers In	-	-
Operating Transfers Out	<u>(57,653)</u>	<u>(51,144)</u>
Net Income (Loss)	\$ (36,378)	\$ 9,544
Retained Earnings (Deficit) at Beginning of Year	<u>(19,913)</u>	<u>(29,457)</u>
Retained Earnings (Deficit) at End of Year	<u>\$ (56,291)</u>	<u>\$ (19,913)</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ 446	\$ 23,815
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	104,115	58,771
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(3,649)	(9,211)
(Increase) Decrease in Accrued Interest Receivable	384	468
(Increase) Decrease in Sales Tax Receivable	-	-
Increase (Decrease) in Provision for Bad Debts	2,497	-
Increase (Decrease) in Accounts Payable	(22,853)	6,542
Increase (Decrease) in Customer Deposits Payable	(1,625)	2,845
Increase (Decrease) in Accrued Expenses	-	(3)
Increase (Decrease) in Construction Payables	<u>(121,923)</u>	<u>(146,230)</u>
Total Adjustments	\$ <u>(43,054)</u>	\$ <u>(86,818)</u>
Net Cash Used in Operating Activities	\$ <u>(42,608)</u>	\$ <u>(63,003)</u>
Cash Flows From Noncapital Financing Activities:		
(Increase) Decrease in Due from Other Funds	\$ 11,247	\$ 35,236
Increase (Decrease) in Due to Other Funds	(5,053)	(14,986)
(Increase) Decrease in Due from Other Governments	157,000	(36,571)
Operating Transfer In	-	-
Operating Transfers Out	<u>(57,653)</u>	<u>(51,144)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ <u>105,541</u>	\$ <u>(67,465)</u>
Cash Flows From Capital and Related Financing Activities:		
Construction of Capital Assets	(49,894)	(2,020,000)
Proceeds from sale of Bond Anticipation Notes	-	838,731
Purchase of Equipment	-	-
Proceeds from Sale of Sewer Revenue Bonds	-	975,000
Capital Lease Obligation Principal Paid	-	-
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	59,998	55,947
Principal Payments on Bond Anticipation Notes	-	(968,298)
Revenue Bond Principal Paid	(30,169)	(24,488)
Interest Paid	(50,787)	(30,139)
Purchase of Land	-	-
Capital Grants Received	<u>47,500</u>	<u>1,338,174</u>
Net Cash Provided by Capital and Related Financing Activities	\$ (23,352)	\$ 164,927
Cash Flows From Investing Activities:		
Interest Earned on Investments	\$ 11,618	\$ 11,065
Purchase of Investments	(80,000)	(80,000)
Proceeds From Maturities of Investments	<u>80,000</u>	<u>80,000</u>
Net Cash Provided by Investing Activities	\$ <u>11,618</u>	\$ <u>11,065</u>

(CONTINUED)

## TOWN OF INDEPENDENCE

EXHIBIT E  
(CONTINUED)STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE (CONTINUED)

For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Increase (Decrease) in Cash	\$ 51,199	\$ 45,524
Cash at Beginning of Year	<u>254,886</u>	<u>209,362</u>
Cash at End of Year	<u>\$ 306,085</u>	<u>\$ 254,886</u>
Reconciliation of Cash Accounts:		
Unrestricted Cash	\$ 203,200	\$ 159,273
Restricted Cash	<u>102,885</u>	<u>95,613</u>
Total Cash	<u>\$ 306,085</u>	<u>\$ 254,886</u>

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Independence, Louisiana (the "Town") was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The Town provides the following services: public safety (police and fire), streets, drainage, sanitation, culture-recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer services.

The accounting and reporting policies of the Town of Independence conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

**A. FINANCIAL REPORTING ENTITY**

As the governing authority of the Town, for reporting purposes, the Town of Independence is the financial reporting entity for Independence, Louisiana. The financial reporting entity consists of (a) primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Independence for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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



TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Based on the application of the above criteria, it was determined the Town of Independence has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

**B. FUND ACCOUNTING**

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

GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

PROPRIETARY FUND

Enterprise Fund - 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 or recovered 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, or other

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

purposes.

**C. PROPERTY, PLANT AND EQUIPMENT AND LONG-TERM LIABILITIES**

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

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

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

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

Water Utility -	
Wells	20 Years
Storage Tanks	40 Years
Lines and Meters	40 Years

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Sewerage Utility -	
Pump Stations	20 Years
Lines	40 Years
Trucks and Equipment	5 Years
Garbage Collection System	10 Years

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The Town capitalizes the amount of interest paid during the construction of a project and then amortizes, over the useful life of the asset, the interest capitalized.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued (Note (1)H); (2) principal and interest on long-term debt which is recognized when due; and (3) expendable operating supplies which are recorded as expenditures at the time of purchase under the "purchase method" (Note (1)G).

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility services receivable for the Water and Sewer Enterprise Fund are not recorded at year end as the amount is not material. The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The Town follows these procedures in establishing the budgetary data reflected

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the year ended June 30, 1999, was submitted to the Board of Aldermen on May 27, 1998.
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. The proposed budget for the year ended June 30, 1999, was published in the official journal on June 16, 1998.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing on the proposed budget for the year ended June 30, 1999, was held on June 16, 1998.
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. The proposed budget for the year ended June 30, 1999, was adopted by ordinance on June 16, 1998.
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. The budget for the year ended June 30, 1999, was amended on June 8, 1999.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). A budget was also adopted for the Water and Sewer Enterprise Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

**F. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. 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 may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

As reflected on Exhibit A, the Town of Independence has cash totaling

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$1,073,992 and investments totaling \$378,461 at June 30, 1999. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Town. The following is a summary of cash and investments (bank balances) at June 30, 1999, with the related federal deposit insurance and pledged securities:

	CONFIRMED BANK BALANCES <u>June 30, 1999</u>	FDIC <u>INSURANCE</u>	BALANCE <u>UNINSURED</u>
Cash:			
Demand Deposits	\$ 1,007	\$ -	\$ 1,007
Interest Bearing Demand Deposits	1,171,036	100,000	1,071,036
Time Deposits	<u>40,876</u>	<u>-</u>	<u>40,876</u>
Total Cash	\$1,212,919	\$100,000	\$1,112,919
Investments:			
Certificates of Deposit	<u>378,461</u>	<u>100,000</u>	<u>278,461</u>
Total	\$1,591,380	\$200,000	\$1,391,380
Uncollateralized - Securities in the Name of and Held by the Fiscal Agent Pledged to the Town			<u>1,697,783</u>
Excess of FDIC Insurance and Pledged Securities over Cash and Investment Bank Balances			<u>\$ 306,403</u>

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

**G. INVENTORY**

The Town utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The Town did not record any inventory at June 30, 1999, as the amount is not material.

**H. ACCUMULATED 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. No liability has been recorded in the Water and Sewer Enterprise Fund for unused vacation pay at June 30, 1999, as the amount is not

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

material.

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.

**I. PENSION PLANS**

The Town has two pension plans which cover all of the Town's employees. Both pension plans are joint contributory defined contribution plans administered by the statewide Louisiana Municipal Employees' Retirement System and the statewide Louisiana Municipal Police Employees Retirement System. Both pension plans are funded by contributions from employees through payroll withholding deductions and matching contributions from the Town (Notes 12 and 13).

**J. RESERVES AND DEDICATIONS OF FUND EQUITY**

The Town records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the Town.

	BALANCE AT <u>June 30, 1999</u>
Reserves of Fund Balance/Fund Equity:	
a. Debt Service Funds	
(1) Reserved for General Obligation Bond Debt Service	<u>\$ 81,013</u>
b. Water and Sewer Enterprise Fund	
(1) Reserved for Revenue Bond Debt Service	<u>\$ 64,542</u>
Dedications of Fund Balance:	
a. Special Revenue Funds	
(1) Dedicated for Economic Development	\$119,953
(2) Dedicated for Historical District Renovations	<u>589,667</u>
	<u>\$709,620</u>

**K. PAYABLE FROM RESTRICTED ASSETS**

Certain assets of the Independence Water and Sewer System have been restricted for payment of the following:

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	BALANCE AT <u>June 30, 1999</u>
Utility Customer Deposits	\$ 16,260
Revenue Bonds Payable	30,423
Accrued Bond Interest Payable	<u>1,660</u>
	<u>\$ 48,343</u>

**L. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

Uncollectible amounts due for ad valorem taxes, customers' utility receivables and innovative housing program notes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at June 30, 1999.

	BALANCE AT <u>June 30, 1999</u>
a. General Fund	
(1) Allowance for Uncollectible Ad Valorem Tax Receivable	<u>\$ 15,496</u>
b. Special Revenue Funds	
(1) Allowance for Uncollectible Innovative Housing Program Notes Receivable	<u>\$ 11,406</u>
c. Water and Sewer Enterprise Fund	
(1) Allowance for Uncollectible Water and Sewer Fees	<u>\$ 9,382</u>

**M. COMPARATIVE DATA**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

**N. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW**

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

**O. STATEMENT OF CASH FLOWS**

In accordance with Governmental Accounting Standards Board Statement No. 9, the

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Town is presenting a statement of cash flows. For purposes of the statement of cash flows, the Water and Sewer Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year 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, 1999, taxes of 16.64 mills were levied on property with taxable assessed valuations totaling \$5,152,239 and were dedicated to the following purposes:

General Corporate Purposes	6.23 Mills
Police Department	5.21 Mills
Fire Department	<u>5.20 Mills</u>
	<u>16.64 Mills</u>

Total taxes levied were \$85,734. Taxes receivable were \$16,149 at June 30, 1999. The allowance for uncollectible ad valorem taxes totaled \$15,496 at June 30, 1999.

3. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 1999:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Special Revenue Funds	\$ 864	\$ 38,390
Sewer Enterprise Fund	10,520	-
Water Enterprise Fund	<u>45,550</u>	-
Total General Fund	<u>\$ 56,934</u>	<u>\$ 38,390</u>
Special Revenue Funds:		
General Fund	\$ 38,390	\$ 864
Special Revenue Funds	1,000	1,000
Debt Service Funds	-	<u>7,072</u>
Total Special Revenue Funds	<u>\$ 39,390</u>	<u>\$ 8,936</u>
Sewer Enterprise Fund:		
Water Enterprise Fund	\$ 20,039	\$ -
General Fund	-	<u>10,520</u>
Total Sewer Enterprise Fund	<u>\$ 20,039</u>	<u>\$ 10,520</u>

(Continued)



TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Water Enterprise Fund:		
Sewer Enterprise Fund	\$ -	\$ 20,039
General Fund	-	<u>45,550</u>
Total Water Enterprise Fund	<u>\$ -</u>	<u>\$ 65,589</u>
Debt Service Funds:		
Special Revenue Funds	\$ <u>7,072</u>	\$ -
Total Debt Service Funds	<u>\$ 7,072</u>	<u>\$ -</u>
Total All Funds	<u>\$123,435</u>	<u>\$123,435</u>

4. INTERFUND TRANSFERS

The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 1999:

	<u>TRANSFERS IN</u> <u>FROM</u>	<u>TRANSFERS OUT</u> <u>TO</u>
General Fund:		
1966 Sales Tax Fund	\$ 105,000	\$ -
1982 Sales Tax Fund	49,500	-
L.H.F.A. Rehab Fund	-	-
Water Enterprise Fund	<u>57,653</u>	<u>-</u>
Total General Fund	<u>\$ 212,153</u>	<u>\$ -</u>
Special Revenue Funds:		
General Fund	\$ -	\$ 154,500
Debt Service Funds	-	37,807
Enterprise Fund	<u>-</u>	<u>-</u>
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 192,307</u>
Debt Service Funds:		
Special Revenue Funds	\$ <u>37,807</u>	\$ -
Total Debt Service Funds	<u>\$ 37,807</u>	<u>\$ -</u>
Enterprise Fund:		
General Fund	\$ -	\$ 57,653
Special Revenue Funds	<u>-</u>	<u>-</u>
Total Enterprise Fund	<u>\$ -</u>	<u>\$ 57,653</u>
Total All Funds	<u>\$ 249,960</u>	<u>\$ 249,960</u>

5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 1999, consisted of the following:

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	General Fund
Beer Tax Due from the State of Louisiana	\$ 801
Tobacco Tax Due from the State of Louisiana	2,123
Video Draw Poker Tax Due from the State of Louisiana	6,427
Due from Rural Fire Protection	<u>2,500</u>
<b>TOTAL</b>	<b><u>\$ 11,851</u></b>

6. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 1999:

\$290,000 Revenue Bond Debt Service - Cash	\$ 46,525
\$102,000 Revenue Bond Debt Service - Cash	40,100
\$102,000 Revenue Bond Debt Service - Investments	10,000
Customers' Deposits - Cash	<u>16,260</u>
Total Restricted Assets	<u>\$112,885</u>

7. GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	BALANCE JULY 1, 1998	CURRENT YEAR		BALANCE JUNE 30, 1999
		ADDITIONS	DELETIONS	
Land	\$ 64,500	\$ -	\$ -	\$ 64,500
Buildings	340,081		-	340,081
Machinery, Equipment and Vehicles	<u>176,787</u>	<u>18,053</u>	<u>-</u>	<u>194,840</u>
Total General Fixed Assets	<u>\$581,368</u>	<u>\$ 18,053</u>	<u>\$ -</u>	<u>\$599,421</u>

8. PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, 1999, follows:

	Water	Sewer	Total
Wells	\$ 138,603	\$ -	\$ 138,603
Pumping Stations and Equipment	-	50,000	50,000
Storage Tank	50,000	-	50,000
Sewerage Lift Stations	-	100,000	100,000
Water and Sewer Lines, etc.	746,348	3,359,875	4,106,223
Vehicles and Equipment	<u>50,517</u>	<u>-</u>	<u>50,517</u>
Total Fixed Assets	\$ 985,468	\$3,509,875	\$4,495,343
Less: Accumulated Depreciation	<u>649,059</u>	<u>522,879</u>	<u>1,171,938</u>
	\$ 336,409	\$2,986,996	\$3,323,405
Land	29,100	40,707	69,807
Construction in Progress	-	-	-
Net Fixed Assets	<u>\$ 365,509</u>	<u>\$3,027,703</u>	<u>\$3,393,212</u>

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

All items of plant and equipment acquired prior to 1967, except land, have been stated at estimated historical cost. The depreciation accumulated to 1967 has also been estimated. Acquisitions after 1967 are stated at historical cost. Depreciation expense on the proprietary fund type property, plant and equipment for the year ended June 30, 1999, totaled \$104,115.

9. CHANGES IN LONG-TERM DEBT

The following is a summary of debt transactions of the Town of Independence for the year ended June 30, 1999:

	DEBT PAYABLE JULY 1, 1998	INCREASE IN DEBT	DEBT RETIRED	DEBT PAYABLE June 30, 2000
Certificate of Obligation	\$ 4,636	\$ 350,000	\$ 4,636	\$ 350,000
Note Payable, 1997				-
Note Payable, 1995		-		-
General Obligation Bonds	-	-	-	-
Sales Tax Refunding Bonds	190,000	-	15,000	175,000
Revenue Bonds	1,116,512		30,169	1,086,343
Capital Lease Obligation	-	-	-	-
Total	<u>\$1,311,148</u>	<u>\$ 350,000</u>	<u>\$ 49,805</u>	<u>\$1,611,343</u>

Long-term debt payable at June 30, 1999, is comprised of the following:

Certificate of Indebtedness:

\$350,000 of Certificates of Indebtedness,  
Series 1999, Independence, Louisiana,  
dated May 3, 1999; due in bi-annual  
installments of \$39,523 - \$45,761  
through 1/1/2009; Interest at 4.98%;  
(Secured by a pledge and dedication  
of excess revenues of the Town above  
statutory, necessary and usual charges) \$350,000

A schedule of the outstanding certificate of obligation and the principal and interest requirements are as follows:

YEAR ENDED JUNE 30,	1999 CERTIFICATE OF INDEBTEDNESS		
	PRINCIPAL	INTEREST	TOTAL
2000	\$ 28,000	\$ 16,733	\$ 44,733
2001	29,000	15,313	44,313
2002	31,000	13,820	44,820
2003	32,000	12,251	44,251
2004	34,000	10,607	44,607
2005	36,000	8,864	44,864
2006	37,000	7,047	44,047
2007	39,000	5,154	44,154

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2008	41,000	3,162	44,162
2009	<u>43,000</u>	<u>1,071</u>	<u>44,071</u>
	<u>\$350,000</u>	<u>\$ 94,022</u>	<u>\$444,022</u>

General Obligation Bonds:

\$244,000 Sales Tax Refunding Bonds Dated 10/20/94; Due in Bi-annual Installments of \$12,000 - \$25,000 Through 6/1/2008; Interest at 6.1% (Payable from a Pledge of the Town's 1982 1% Sales and Use Tax) \$175,000

A schedule of the outstanding General Obligation Bonds and the principal and interest requirements are as follows:

<u>DUE DATES</u>	1994 <u>PUBLIC IMPROVEMENT BONDS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 16,000	\$ 10,675	\$ 26,675
2001	17,000	9,699	26,699
2002	17,000	8,662	25,662
2003	18,000	7,625	25,625
2004	19,000	6,527	25,527
2005	19,000	5,368	24,368
2006	21,000	4,209	25,209
2007	23,000	2,928	25,928
2008	<u>25,000</u>	<u>1,525</u>	<u>26,525</u>
	<u>\$ 175,000</u>	<u>\$ 57,218</u>	<u>\$ 232,218</u>

Revenue Bonds:

\$102,000 Revenue Bonds Dated 4/21/80; Due in Annual Installments of \$3,000 - \$7,000 Through 4/21/2005; Interest at 5% \$ 35,000

\$290,000 Public Improvement Bonds Dated 4/21/80; Due in Annual Installments of \$6,000 - \$20,000 Through 4/21/2004; Interest at 5% (Payable From a Pledge of the Town's Special ½% Sales and Use Tax) 90,000

\$975,000 Revenue Bonds Dated 12/16/97; Due in monthly Installments of \$4,387.50 through 12/16/2037; Interest at 4.5% (Payable from a Pledge of the Town's income and revenues of the Sewerage System) 961,343  
\$1,086,343

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

A schedule of the outstanding Enterprise Fund Revenue Bonds and the principal and interest requirements are as follows:

	\$975,000 REVENUE BONDS	\$102,000 REVENUE BONDS	\$290,000 REVENUE BONDS	TOTAL
06/30/2000	\$ 52,650	\$ 6,750	\$ 20,500	\$ 79,900
06/30/2001	52,650	6,500	20,700	79,850
06/30/2002	52,650	7,250	20,850	80,750
06/30/2003	52,650	6,950	20,950	80,550
06/30/2004	11,302	6,650	21,000	38,952
Thereafter	<u>1,805,123</u>	<u>7,350</u>	<u>-</u>	<u>1,812,473</u>
Total	2,027,025	41,450	104,000	2,172,475
Less interest	<u>1,065,682</u>	<u>6,450</u>	<u>14,000</u>	<u>1,086,132</u>
	<u>\$ 961,343</u>	<u>\$ 35,000</u>	<u>\$ 90,000</u>	<u>\$1,086,343</u>

Recap of Revenue Bonds Outstanding:

	PRINCIPAL	INTEREST	TOTAL
\$975,000 Revenue Bonds	\$ 961,343	\$1,065,682	\$2,027,025
\$102,000 Revenue Bonds	35,000	6,450	41,450
\$290,000 Revenue Bonds	<u>90,000</u>	<u>14,000</u>	<u>104,000</u>
	<u>\$1,086,343</u>	<u>\$1,086,132</u>	<u>\$2,172,475</u>

10. DEDICATION OF PROCEEDS OF FLOW OF FUNDS - SALES AND USE TAX

A. 1966 1% SALES AND USE TAX (SPECIAL REVENUE FUND)

The proceeds of the 1966 1% sales and use tax levied by the Town of Independence (current collections were \$119,994 for the year ended June 30, 1999) are dedicated as follows:

The Town, through its governing authority, adopted a resolution on March 14, 1967, authorizing the issuance of \$260,000 of Public Improvement Bonds and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the sales and use tax were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The bond resolution requires that the proceeds of the special one percent (1%) sales and use tax now being levied and collected by the Town is to be deposited with the Town's fiscal agent bank in a Sales Tax Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax (\$1,000.00 is to be retained in the Sales Tax Fund for operating expenses) certain monthly payments must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund, which must be established with the Town's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 1992, unless

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund. Payments into the Reserve Fund will cease after the amount of \$18,655 has been accumulated therein. No payments into the Reserve Fund will be due if the bonds would require withdrawals from this Fund for the purpose of paying maturing principal and interest on the bonds.

Any monies remaining in the Sales Tax Fund on the 20th day of each month in excess of \$1,000 retained for operating expenses and after making the required payments into the Bond Sinking Fund and the Bond Reserve Fund for the current month and for prior months during which the required payments may not have been made, is considered as surplus.

Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

As of April 1, 1992, these March 14, 1967 Public Improvement Bonds were paid in full and the sales tax is no longer dedicated for payment of these bonds. Balances in the Sales Tax 1966 Debt Service Fund were transferred to the 1966 Sales Tax Fund by a residual equity transfer.

**B. 1980 ½% SALES AND USE TAX (ENTERPRISE FUND)**

The proceeds of the 1980 ½% sales and use tax levied by the Town of Independence (current collections were \$59,998, for the year ended June 30, 1999) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town.

The Town, through its governing authority, adopted a resolution on February 25, 1980, authorizing the issuance of \$290,000 Public Improvement Bonds and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the ½% sales and use tax were irrevocably and irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The ½% sales and use tax levied and collected by the Town is to be deposited in a separate Sales Tax 1980 Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax, certain monthly payments must be made from the Sales Tax 1980 Fund to the Sales Tax 1980 Bond Sinking Fund and the Sales Tax 1980 Bond Reserve Fund, which have been established with the Town's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 2004, 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.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Payments in the Reserve Fund will cease after the amount of \$21,950 has been accumulated therein. No payments into the Reserve Fund will be due after accumulation of \$21,950, unless there is a default in connection with the payment of the bonds which requires withdrawal from this Fund for the purpose of paying maturing principal and interest on the bonds. Any monies remaining in the Sales Tax 1980 Fund on the 20th day of each month after making the required payments into the Bond Sinking Fund 1980 and the Bond Reserve Fund 1980 for the current month and for prior months during which the required payments may not have been made, is considered as surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Sales Tax 1980 Sinking Fund and Sales Tax 1980 Reserve Fund were in accordance with the bond covenants.

**C. 1982 1% SALES AND USE TAX (SPECIAL REVENUE FUND)**

The proceeds of the 1982 1% sales and use tax levied by the Town of Independence (current collections were \$119,904 for the year ended June 30, 1999) are dedicated as follows:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town, constructing, paving, widening, and improving streets in the Town and for construction, acquiring, extending, improving, operating and/or maintaining waterworks facilities.

The Town, through its governing authority, adopted a resolution on September 13, 1994, authorizing the issuance of \$244,000 Sales Tax Refunding Bonds, Series 1994, and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the 1982 1% sales and use tax were irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The 1% sales and use tax authorized at a special election held on November 28, 1981, must be deposited as collected into a separate Sales Tax Fund - 1982. Monies in the Sales Tax Fund - 1982 shall be first used for the payment of all reasonable and necessary costs and expenses of collecting said tax. After payment of all reasonable and necessary costs of collection of the tax, certain monthly payments must be made from the Sales Tax Fund - 1982 to the Sales Tax Bond Sinking Fund - 1994, and the Sales Tax Bond Reserve Fund - 1994, which have been established with the Town's fiscal agent bank.

These funds are maintained in two separate interest-bearing accounts. The required monthly payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until June, 2008, unless bonds are called in advance of

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

their maturity dates, in which event it is possible to reduce the required payment into the sinking fund. The required monthly payments into the Reserve Fund are five percent (5%) of the amount required to be deposited into the Sinking Fund and will cease after the amount of \$24,400 has been accumulated therein. No payments into the Reserve Fund will be due after accumulation of \$24,400, unless there is a default in connection with the payment of the bonds which requires withdrawal from this fund for the purpose of paying maturing principal and interest on the bonds. Any monies remaining in the Sales Tax 1982 Fund on the 20th day of each month after making the required payments into the Sales Tax Bond Sinking Fund - 1994 and the Sales Tax Bond Reserve Fund - 1994 for the current month and for prior months during which the required payments may not have been made, is considered as surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Sales Tax Sinking Fund - 1994 and the Sales Tax Reserve Fund - 1994 were in accordance with the bond covenants.

**11. FLOW OF FUNDS: RESTRICTIONS ON USE - SEWER REVENUES**

The Town, through its governing authority, adopted a resolution on February 25, 1980, authorizing the issuance of \$102,000 of 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 extend the Town's sewer system. In that resolution the additional revenues resulting from the extension of water and sewer service to additional customers were irrevocably and irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

Additionally, the Town, through its governing authority, adopted a resolution on March 11, 1997, authorizing the issuance of \$975,000 Sewer Revenue Bonds issued on a complete parity with the outstanding \$45,000 of Revenue Bonds dated April 21, 1980 referred to in the first paragraph above, 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.



TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 is to be 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 \$96 per month. Money in this Fund may be used for the making of repairs or replacements to the system which 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.

Balances in the Sewer Revenue Sinking Fund, Sewer Reserve Fund, and Sewer Depreciation Fund were in accordance with the bond covenants.

**12. EMPLOYEES PENSION PLAN (OTHER THAN POLICE OFFICERS)**

All Town of Independence full-time employees, with the exception of police officers, participate in the Louisiana Municipal Retirement System - Plan A ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 1999 was \$181,072; the Town's total payroll was \$273,856.

All Town full-time employees, with the exception of police officers, are eligible to participate in the System. Members are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by years of creditable service providing he meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Employee is age 55 and has twenty-five (25) years or more of creditable service.
3. Employee is age 60 with a minimum of ten (10) or more years of creditable service. However, benefits are reduced by three (3%) percent for each year below age 62.
4. Employee is under age 60 with five (5) years of creditable service and is eligible for disability benefits.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Entitlement to survivor's benefits require five (5) years of creditable service at the time of the death of a member.

Final compensation means the average monthly earnings during the highest thirty-six months (36) or joined months of service if interrupted. Benefits are established by state statute.

The contribution rate for employees is 9.25% of earnable compensation and is established by state statute.

The employer contribution rate is 5.75% of members earnings. The System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions. The remaining employer contributions are determined according to actuarial requirements and are set annually.

The Town's total payroll in the fiscal year ended June 30, 1999, was \$273,856, and the Town's contributions were based on a payroll of \$181,072. Both the Town and the covered employees made the required contributions, amounting to \$27,157. There were no related party transactions.

Trend Information

Contributions required by state statute:

Fiscal Year <u>June 30</u>	Required <u>Contribution</u>	Percentage <u>Contribution</u>
1997	\$ 17,686	100%
1998	\$ 22,182	100%
1999	\$ 27,157	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

All employees of the Town of Independence, Louisiana are also members of the Social Security System.

**13. EMPLOYEES PENSION PLAN (POLICE OFFICERS)**

Full-time police employees of the Town of Independence participate in the Municipal Police Employees Retirement System ("Police System"), a multiple-employer public employee retirement system. The payroll for employees covered by the Police System for the year ended June 30, 1999, was \$70,608; the Town's total payroll was

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$273,856.

All Town police employees who participate in the plan shall be eligible for retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Retirement benefits are equal to 3 1/3 percent of average final compensation multiplied by the number of years of creditable service and is payable monthly for life. Average final compensation is the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service during which the earned compensation was the highest. Benefits are not considered fully vested until the employee has attained both the age and years of service requirements which entitle them to regular retirement benefits. The Police System also provides death and disability benefits. Benefits are established by state statute.

The contribution rate for employees is 7.50% of earnable compensation and is established by state statute.

The employer contribution rate is 9.00% of members earnings.

The Town's total payroll in the fiscal year ended June 30, 1999, was \$273,856, and the Town's contributions were based on a payroll of \$70,608. Both the Town and the covered employees made the required contributions, amounting to \$11,650. There were no related party transactions.

Trend Information

Contributions required by state statute:

Fiscal Year <u>June 30</u>	Required <u>Contribution</u>	Percentage <u>Contribution</u>
1997	\$ 13,052	100%
1998	\$ 12,154	100%
1999	\$ 11,650	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225)929-7411.

All employees of the Town of Independence, Louisiana are also members of the Social Security System.

**14. ON BEHALF PAYMENTS MADE BY STATE OF LOUISIANA**

For the year ended June 30, 1999, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town has recorded \$18,250 of on behalf payments as revenue and

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

as expenses in the General Fund, as follows:

<u>Department</u>	<u>Amount</u>
Police	\$ 7,450
Fire	<u>10,800</u>
Total	<u>\$ 18,250</u>

**15. ENTERPRISE FUND DEFICIT**

At June 30, 1999, the Enterprise Fund had a deficit in retained earnings - unreserved - undesignated of \$120,833, but due to contributed capital, total fund equity was \$2,612,871 at June 30, 1999.

**16. SEGMENTS OF ENTERPRISE ACTIVITIES**

Some services provided by the Town of Independence are financed by user charges - sewerage system and water system. The significant financial data for these enterprises are as follows:

	<u>Water System</u>	<u>Sewerage System</u>	<u>Total</u>
Operating Revenues	\$142,211	\$ 152,231	\$ 294,442
Depreciation	\$ 20,743	\$ 83,372	\$ 104,115
Operating Income (Loss)	\$ 40,720	\$ (40,274)	\$ 446
Operating Grants	\$ -	\$ -	\$ -
Operating Transfers Out	\$(57,653)	\$ -	\$(57,653)
Taxes	\$ -	\$ -	\$ -
Net Income (Loss)	\$(13,102)	\$ (23,276)	\$(36,378)
Working Capital	\$ 60,056	\$ 150,981	\$ 211,037
Change in Capital Contributions	\$ -	\$ 47,500	\$ 47,500
Property, Plant and Equipment:			
Additions	\$ -	\$ 49,892	\$ 49,892
Deletions	\$ -	\$ -	\$ -
Total Assets	\$510,070	\$3,285,855	\$3,795,925
Obligations Payable	\$ -	\$ -	\$ -
Revenue Bonds Payable	\$ -	\$1,086,343	\$1,086,343
Equity	\$425,565	\$2,187,306	\$2,612,871

**17. YEAR 2000 ISSUE**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Town of Independence has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary for conducting the Town's operations. Based on this inventory, the Town is in the validation/testing stage in that hardware and software believed to be year 2000 compliant for the financial reporting systems have been purchased from outside vendors at an approximate cost of \$10,000. Testing and validation of the

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

systems were completed after the hardware and software were installed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town is or will be year 2000 ready, that the Town's remediation efforts will be successful in whole or in part, or that parties with whom the Town does business will be year 2000 ready.

18. **COMPLIANCE WITH CERTIFICATES OF INDEBTEDNESS COVENANTS**

The Town through its governing authority, adopted a resolution on November 10, 1998, authorizing the issuance of Certificates of Indebtedness Series 1999 in an amount not to exceed \$350,000 for resurfacing and improving public streets in the Town. That resolution contained certain covenants and agreements in connection with the security and payment of the certificates. The major covenants contained in the resolution and the manner in which the Town has complied with these covenants is described as follows:

Audit Requirements - In the resolution the Town is required to cause an audit of its records and accounts to be made no later than three (3) months after the close of each fiscal year.

As of June 30, 1999, the Town was in compliance with this resolution covenant as it was under contract with a certified public accountant for an audit of its records for the year ended June 30, 1999.

Sinking Fund - In the resolution the Town is required to create a special fund to be known as "Town of Independence, State of Louisiana, Certificates of Indebtedness, Series 1999, Sinking Fund" to be used for payment of the principal of and the interest on the certificates. The Town is required to deposit in the Sinking Fund funds fully sufficient to promptly pay the maturing principal and/or interest so falling due on such date.

As of June 30, 1999, the Town was in compliance with this resolution covenant.

Other Requirements - The resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 1999, the Town was in compliance with these other resolution covenants in all material respects.

SUPPLEMENTARY INFORMATION AND SCHEDULES

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS

GENERAL FUND

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



TOWN OF INDEPENDENCE  
GENERAL FUND

EXHIBIT F

COMPARATIVE BALANCE SHEET

June 30, 1999 and 1998

ASSETS

	<u>1999</u>	<u>1998</u>
Cash	\$ 146,223	\$ 97,641
Investments	25,000	15,000
Ad Valorem Taxes Receivable, Net of Allowance	923	923
Public Utility Franchise Tax Receivable	15,827	9,648
Due from Other Governmental Units	11,851	7,632
Other Receivables	-	-
Due from Other Funds	<u>56,934</u>	<u>51,684</u>
Total Assets	<u>\$ 256,758</u>	<u>\$ 182,528</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 36,633	\$ 36,457
Payroll Taxes Payable	11,771	9,561
Accrued Payroll	2,584	2,584
Accrued Employee Leave	6,545	5,202
Due to Other Funds	<u>38,390</u>	<u>39,989</u>
Total Liabilities	\$ 95,923	\$ 93,793
Fund Balance (Deficits):		
Unreserved - Undesignated	<u>160,835</u>	<u>88,735</u>
Total Liabilities and Fund Balance	<u>\$ 256,758</u>	<u>\$ 182,528</u>

See auditor's report.

TOWN OF INDEPENDENCE  
GENERAL FUND

EXHIBIT F-1

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Taxes - Ad Valorem:				
General Millage	\$ 31,750	\$ 32,651	\$ 901	\$ 31,127
Fire Department Millage	26,500	26,344	( 156)	25,059
Police Department Millage	26,500	26,394	( 106)	25,107
Licenses and Permits:				
Occupational	67,500	78,207	10,707	74,682
Public Utility Franchise Fees	40,000	48,480	8,480	42,280
Other Permits	4,200	6,286	2,086	2,880
Intergovernmental:				
Tobacco Taxes	8,500	8,490	( 10)	8,490
Beer Taxes	3,142	3,718	576	2,964
Video Poker Taxes	16,500	25,847	9,347	16,505
Fire Insurance Rebate	3,450	3,620	170	3,453
Revenue Equalization - Pilot	5,000	4,968	( 32)	-
FEMA Grant	-	3,113	3,113	-
Rural Development Grants	15,000	12,459	(2,541)	25,000
Louisiana Commission on Law Enforcement	-	3,237	3,237	4,146
Tourist Commission	-	-	-	5,000
Rural Fire Protection	10,000	10,000	-	-
Fines and Forfeits	10,000	9,122	( 878)	9,789
Other:				
Notices	-	1,319	1,319	1,281
Rental Income	25,200	25,200	-	25,200
Sewer Fund Reimbursement	-	-	-	15,226
On behalf payments by State	13,344	18,250	4,906	17,176
Solid Waste	77,671	79,183	1,512	78,871
Interest	3,500	4,595	1,095	3,656
Miscellaneous	-	19,147	19,147	5,159
Total Revenues	\$ 387,757	\$ 450,630	\$ 62,873	\$ 423,051
Expenditures:				
Current:				
General Government	\$ 188,831	\$ 176,971	\$ 11,860	\$ 186,550

(CONTINUED)

TOWN OF INDEPENDENCE  
GENERAL FUND

EXHIBIT F-1  
(CONTINUED)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
Public Safety -				
Police	127,212	125,333	1,879	121,102
Fire	79,344	83,482	( 4,138)	68,214
Streets and Parks	81,643	73,980	7,663	63,989
Solid Waste	77,600	79,605	( 2,005)	77,030
Other	12,745	10,237	2,508	5,675
Debt Service	4,978	4,719	259	26,699
Capital Outlay	<u>83,200</u>	<u>36,356</u>	<u>46,844</u>	<u>62,356</u>
Total Expenditures	<u>\$ 655,553</u>	<u>\$ 590,683</u>	<u>\$ 64,870</u>	<u>\$ 611,615</u>
Deficiency of Revenues Over Expenditures	\$ (267,796)	\$ (140,053)	\$ 127,743	\$ (188,564)
Other Financing Sources (Uses):				
Loan Proceeds	25,500	-	(25,500)	-
Operating Transfers In (Out):				
Debt Service Fund	-	-	-	-
Sales Tax Fund (1966)	105,000	105,000	-	105,000
Sales Tax Fund (1982)	49,500	49,500	-	35,000
Water and Sewer Fund	49,750	57,653	7,903	51,144
Innovative Housing Fund	( 2,400)	-	2,400	-
LHFA Rehab	-	-	-	7
Total Other Financing Sources	<u>\$ 227,350</u>	<u>\$ 212,153</u>	<u>\$ (15,197)</u>	<u>\$ 191,151</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ ( 40,446)</u>	<u>\$ 72,100</u>	<u>\$ 112,516</u>	<u>\$ 2,587</u>
Fund Balance at Beginning of Year	<u>88,735</u>	<u>88,735</u>	<u>-</u>	<u>86,148</u>
Fund Balance at End of Year	<u>\$ 48,289</u>	<u>\$ 160,835</u>	<u>\$ 112,546</u>	<u>\$ 88,735</u>

See auditor's report.

TOWN OF INDEPENDENCE  
GENERAL FUND

EXHIBIT F-2

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
General Government:				
Mayor's Salary	\$ 10,800	\$ 10,800	\$ -	\$ 9,900
Aldermen's Salary	11,250	11,188	62	9,625
Town Clerk	22,256	21,831	425	20,517
Retirement and Payroll Tax	7,350	4,832	2,518	5,164
Audit and Accounting	15,000	18,745	(3,745)	19,643
Legal Fees	30,000	22,092	7,908	30,123
Insurance	57,250	52,161	5,089	63,769
Dues and Advertisement	3,250	3,957	( 707)	3,017
Office Supplies and Expense	5,300	5,984	( 684)	4,843
Utilities	8,000	7,640	360	6,661
Telephone	3,725	1,860	1,865	2,258
Tax Collector Fees	-	85	( 85)	-
Tax Roll Preparation	1,350	1,219	131	1,307
Meetings and Conventions	5,000	4,920	80	4,137
Repairs and Maintenance	5,350	5,242	108	2,017
Lease	424	567	( 143)	1,265
Miscellaneous	-	851	( 851)	1,069
Coroner Fees	2,500	2,781	( 281)	1,117
La. Comm. Law Enforcement	200	216	( 16)	118
Election Expenditures	-	-	-	-
Survey Fees	-	-	-	-
	<u>\$ 189,005</u>	<u>\$ 176,971</u>	<u>\$ 12,034</u>	<u>\$ 186,550</u>
Public Safety - Police:				
Police Salaries	\$ 90,872	\$ 94,581	\$ (3,709)	\$ 89,531
Police Retirement/Tax	9,145	6,355	2,790	6,686
Auto Fuel	7,000	4,599	2,401	5,092
Supplies, Repairs and Maintenance	8,200	7,692	508	8,448
Telephone	4,000	3,622	378	4,124
Utilities	5,100	5,094	6	4,648
Office Expense	500	430	70	555
Uniforms	1,250	1,145	105	469
Prisoner Meals/Housing	670	471	199	1,074
Miscellaneous	-	110	( 110)	-
Training	-	1,075	(1,075)	-
Meetings and Conventions	475	159	316	475
	<u>\$ 127,212</u>	<u>\$ 125,333</u>	<u>\$ 1,879</u>	<u>\$ 121,102</u>

(CONTINUED)

TOWN OF INDEPENDENCE  
GENERAL FUND

EXHIBIT F-2  
(CONTINUED)

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
Public Safety - Fire:				
Salaries	\$ 68,472	\$ 69,187	\$ ( 715)	\$ 53,483
Retirement and Payroll Tax	4,872	3,980	892	3,080
Fuel	1,200	1,000	200	804
Utilities and Telephone	3,000	2,658	342	2,183
Supplies and Repairs	1,500	2,841	(1,341)	5,222
Miscellaneous	-	526	( 526)	6
Uniforms	300	290	10	436
Volunteer Fire Department	-	3,000	(3,000)	3,000
	<u>\$ 79,344</u>	<u>\$ 83,482</u>	<u>\$ (4,138)</u>	<u>\$ 68,214</u>
Total Public Safety	\$ 206,556	\$ 208,815	\$ (2,259)	\$ 189,316
Streets and Parks:				
Salaries	\$ 42,821	\$ 36,704	\$ 6,117	\$ 27,865
Retirement and Payroll Tax	3,147	1,521	1,626	1,486
Fuel	2,675	2,827	( 152)	2,347
Supplies and Repairs	5,500	7,837	(2,337)	6,629
Street Lights	27,500	25,091	2,409	25,662
Sidewalk Improvements	-	-	-	-
	<u>\$ 81,643</u>	<u>\$ 73,980</u>	<u>\$ 7,663</u>	<u>\$ 63,989</u>
Solid Waste	<u>\$ 77,600</u>	<u>\$ 79,605</u>	<u>\$ (2,005)</u>	<u>\$ 77,030</u>
Other:				
Depot	\$ 8,245	\$ 5,741	\$ 2,504	\$ 5,675
Demolition - Building	4,500	4,500	-	-
	<u>\$ 12,745</u>	<u>\$ 10,241</u>	<u>\$ 2,504</u>	<u>\$ 5,675</u>
Debt Service:				
Head Start Building	\$ 4,804	\$ 4,719	\$ 85	\$ 21,238
Police Car	-	-	-	5,461
	<u>\$ 4,804</u>	<u>\$ 4,719</u>	<u>\$ 85</u>	<u>\$ 26,699</u>
Capital Outlay:				
Public Safety-Police	7,500	11,529	(4,029)	3,117
General Government	5,000	4,795	205	1,377
Public Safety-Fire	4,500	-	4,500	26,501
Streets and Parks	66,200	20,032	46,168	31,361
	<u>\$ 83,200</u>	<u>\$ 36,356</u>	<u>\$ 46,844</u>	<u>\$ 62,356</u>
Total Expenditures	<u>\$ 655,553</u>	<u>\$ 590,687</u>	<u>\$ 64,866</u>	<u>\$ 611,615</u>
See auditor's report.				

## SPECIAL REVENUE FUNDS

1966 Sales Tax Fund - To account for the receipt and use of proceeds of the Town's original 1% sales and use tax effective August 1, 1966. The proceeds of the tax are to be dedicated and used for the purpose of constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewerage disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, including fire engines and payment of salaries for fire department personnel; and maintaining and operating the municipal police department and garbage collection and disposal facilities including the purchase of equipment therefor; acquiring industrial plant sites and purchasing or constructing within the municipality or adjoining areas or areas outside of the corporate limits of the municipality, but within the Parish of Tangipahoa, industrial plant buildings and other necessary property, appurtenances or equipment, therefor, or for any one or more of said purposes.

1982 Sales Tax Fund - To account for the receipt and use of proceeds of the Town's additional 1% sales and use tax adopted on January 19, 1982. The proceeds of the tax are to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town; constructing, paving, widening and improving streets in and for the Town; and constructing, acquiring, extending, improving, operating and/or maintaining waterworks facilities.

The proceeds from this sales tax have been pledged and dedicated to the retirement of the \$244,000 Sales Tax Refunding Bonds, Series 1994, issued on October 20, 1994. Final payment on this bond issue is due June 1, 2008.

LCDBG - Economic Development - 87 Fund - To account for the receipt of Grant proceed and subsequent expenditure of an economic development loan to Marco Polo Imports, Inc. The source of the funding is a FY 1986 LCDBG Economic Development Contract in the amount of \$649,000 between the Town of Independence and the Division of Administration of the State of Louisiana. The proceeds from the repayment of the loan are dedicated 50% repayment to the grantor and 50% to be used for economic development within the Town.

Innovative Housing Fund - To account for the receipt and subsequent expenditure in the form of loans to property owners for the Historical District renovation. The proceeds are dedicated to the renovation of property, when adequate funds are available to disburse to property owners.

Health and Safety Rehabilitation Fund - To account for the receipt and use of grant proceeds in the amount of \$129,100 awarded to the Town by the Louisiana Housing Finance Agency. These Health and Safety Rehabilitation Grants are awarded to qualifying elderly, disabled and low income individuals to rehabilitate substandard housing in the Town.

TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1999  
With Comparative Totals for the Year June 30, 1998

ASSETS

	1% SALES TAX (1966)	1% SALES TAX (1982)	LCDBG ECONOMIC DEVELOPMENT (1987)	INNOVATIVE HOUSING	HEALTH AND SAFETY REHABILITATION FUND	TOTALS
	1999	1998	1999	1998	1999	1998
Cash	\$ 117,909	\$ 206,309	\$ 5,296	\$ 33,807	\$ 1,007	\$ 364,328
Investments	20,000	20,000	114,956	113,505	-	268,461
Notes Receivable, Net of Allowance for Doubtful Accounts	-	-	-	402,571	-	402,571
Accrued Interest Receivable	482	482	557	394	-	1,915
Sales Taxes Receivable	8,065	8,065	-	-	-	16,130
Due From General Fund	-	-	-	38,390	-	38,390
Accounts Receivable-other	-	-	-	-	-	-
Due From Innovative Housing Fund	-	-	-	1,000	-	1,000
Total Assets	\$ 146,456	\$ 234,856	\$ 120,809	\$ 589,667	\$ 1,007	\$ 1,015,106

LIABILITIES AND FUND BALANCES

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-
Due to Other Funds	-	-	856	-	1,007	1,808
Sales Tax Collection Fee Payable	52	52	-	-	-	115
Total Liabilities	\$ 52	\$ 52	\$ 856	\$ -	\$ 1,007	\$ 1,923
Fund Balances:						
Unreserved:						
Designated	\$ -	\$ -	\$ 119,953	\$ 589,667	\$ -	\$ 709,620
Undesignated	146,404	234,804	-	-	-	381,208
Total Fund Balances	\$ 146,404	\$ 234,804	\$ 119,953	\$ 589,667	\$ -	\$ 1,013,183
Total Liabilities and Fund Balances	\$ 146,456	\$ 234,856	\$ 120,809	\$ 589,667	\$ 1,007	\$ 1,015,106

See auditor's report.

TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS

EXHIBIT G-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
With Comparative Totals for the Year June 30, 1998

	1% SALES TAX (1966)	1% SALES TAX (1982)	LCDBG ECONOMIC DEVELOPMENT (1987)	INNOVATIVE HOUSING	HEALTH AND SAFETY REHABILITATION FUND	TOTALS
						1999 1998
Revenues:						
Taxes	\$ 119,994	\$ 119,994	\$ -	\$ -	\$ -	\$ 239,988 \$ 223,786
Intergovernmental	-	-	-	-	-	-
Interest	3,527	9,205	5,174	14,593	-	32,499 27,881
Assignment of Lien	-	-	-	5,500	-	5,500
Total Revenues	\$ 123,521	\$ 129,199	\$ 5,174	\$ 20,093	\$ -	\$ 277,987 \$ 251,667
Expenditures:						
General Government	\$ 1,780	\$ 1,280	\$ 1,500	\$ 2,619	\$ -	\$ 7,179 \$ 10,364
Other	-	-	856	-	-	856
Total Expenditures	\$ 1,780	\$ 1,280	\$ 2,356	\$ 2,619	\$ -	\$ 8,035 \$ 11,219
Excess (Deficiency) of Revenues Over Expenditures	\$ 121,741	\$ 127,919	\$ 2,818	\$ 17,474	\$ -	\$ 269,952 \$ 240,448
Other Sources (Uses):						
Operating Transfers	(105,000)	(87,307)	-	-	-	(192,307) (168,807)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 16,741	\$ 40,612	\$ 2,818	\$ 17,474	\$ -	\$ 77,645 \$ 71,641
Fund Balances at Beginning of Year	129,663	194,192	117,135	572,193	-	1,013,183 941,542
Fund Balances at End of Year	\$ 146,404	\$ 234,804	\$ 119,953	\$ 589,667	\$ -	\$ 1,090,828 \$ 1,013,183

See auditor's report.



TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS  
1% SALES TAX FUND (1966)

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE	1998
	<u>BUDGET</u>	<u>ACTUAL</u>	(UNFAVORABLE)	<u>ACTUAL</u>
Revenues:				
Taxes:				
Sales Taxes	\$ 112,000	\$ 119,994	\$ 7,994	\$ 111,893
Miscellaneous:				
Interest Revenue	<u>3,250</u>	<u>3,527</u>	<u>277</u>	<u>2,875</u>
Total Revenues	<u>\$ 115,250</u>	<u>\$ 123,521</u>	<u>\$ 8,271</u>	<u>\$ 114,768</u>
Expenditures:				
General Government	<u>\$ 1,000</u>	<u>\$ 1,780</u>	<u>\$ ( 780)</u>	<u>\$ 1,727</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 1,780</u>	<u>\$ ( 780)</u>	<u>\$ 1,727</u>
Excess of Revenues Over Expenditures	\$ 114,250	\$ 121,741	\$ 7,491	\$ 113,041
Other Financing Sources (Uses):				
Operating Transfers Out:				
General Fund	<u>\$(105,000)</u>	<u>\$(105,000)</u>	<u>\$ -</u>	<u>\$(105,000)</u>
Total Other Uses	<u>\$(105,000)</u>	<u>\$(105,000)</u>	<u>\$ -</u>	<u>\$(105,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 9,250	\$ 16,741	\$ 7,491	\$ 8,041
Fund Balance at Beginning of Year	<u>129,663</u>	<u>129,663</u>	<u>-</u>	<u>121,622</u>
Fund Balance at End of Year	<u>\$ 138,913</u>	<u>\$ 146,404</u>	<u>\$ 7,491</u>	<u>\$ 129,663</u>

See auditor's report.

TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS  
1% SALES TAX FUND (1982)

EXHIBIT G-3

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE	1998 ACTUAL
	BUDGET	ACTUAL	(UNFAVORABLE)	
Revenues:				
Taxes:				
Sales Taxes	\$ 112,000	\$ 119,994	\$ 7,994	\$ 111,893
Miscellaneous:				
Interest Revenue	<u>6,683</u>	<u>9,205</u>	<u>2,522</u>	<u>6,830</u>
Total Revenues	<u>\$ 118,683</u>	<u>\$ 129,199</u>	<u>\$ 10,516</u>	<u>\$ 118,723</u>
Expenditures:				
General Government	\$ <u>1,500</u>	\$ <u>1,280</u>	\$ <u>220</u>	\$ <u>1,779</u>
Total Expenditures	<u>\$ 1,500</u>	<u>\$ 1,280</u>	<u>\$ 220</u>	<u>\$ 1,779</u>
Excess of Revenues Over Expenditures	\$ 117,183	\$ 127,919	\$ 10,736	\$ 116,944
Other Financing Sources (Uses):				
Operating Transfers Out:				
General Fund	\$ ( 49,500)	\$ ( 49,500)	\$ -	\$ (35,000)
Debt Service Fund	( 48,743)	( 37,807)	10,936	(28,800)
Waterworks Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Uses	<u>\$ ( 98,243)</u>	<u>\$ ( 87,307)</u>	<u>\$ 10,936</u>	<u>\$ (63,800)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 18,940	\$ 40,612	\$ 21,672	\$ 53,144
Fund Balance at Beginning of Year	<u>194,192</u>	<u>194,192</u>	<u>-</u>	<u>141,048</u>
Fund Balance at End of Year	<u>\$ 213,132</u>	<u>\$ 234,804</u>	<u>\$ 21,672</u>	<u>\$ 194,192</u>

See auditor's report.

TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS  
LCDBG - ECONOMIC DEVELOPMENT - 87 FUND

EXHIBIT G-4

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	<u>1999</u>		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
Revenues:				
Grant Funds Recognized	\$ -	\$ -	\$ -	\$ -
Interest Revenue	<u>5,750</u>	<u>5,174</u>	( 576)	<u>3,350</u>
Total Revenues	<u>\$ 5,750</u>	<u>\$ 5,174</u>	\$( 576)	<u>\$ 3,350</u>
Expenditures:				
Administrative Fees	\$ 1,500	\$ -	\$ 1,500	\$ -
Audit and Accounting	1,500	1,500	-	500
Other				855
Obligation to Division of Administration	-	-	-	-
Capital Development	20,000	-	20,000	-
Industrial Development Dues	<u>900</u>	<u>856</u>	<u>44</u>	<u>-</u>
Total Expenditures	<u>\$ 23,900</u>	<u>\$ 2,356</u>	<u>\$ 21,544</u>	<u>\$ 1,355</u>
Excess of Revenues Over Expenditures	\$ (18,150)	\$ 2,818	\$ 20,968	\$ 1,995
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
Sewer Fund	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures and Other Uses	(18,150)	2,818	20,968	1,995
Fund Balance at Beginning of Year	<u>116,915</u>	<u>117,135</u>	<u>220</u>	<u>115,140</u>
Fund Balance at End of Year	<u>\$ 98,765</u>	<u>\$ 119,953</u>	<u>\$ 21,188</u>	<u>\$ 117,135</u>

See auditor's report.

TOWN OF INDEPENDENCE  
SPECIAL REVENUE FUNDS  
INNOVATIVE HOUSING FUND

EXHIBIT G-5

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE - FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Interest Income	\$ 12,000	\$ 14,593	\$ 2,593	\$ 14,826
Assignment of Lien	-	5,500	5,500	-
Total Revenues	\$ 12,000	\$ 20,093	\$ 8,093	\$ 14,826
Expenditures:				
Administration	\$ 1,500	\$ 66	\$ 1,434	\$ 358
Audit and Accounting	1,500	1,500	-	500
Maintenance	15,000	1,053	13,947	5,500
Total Expenditures	\$ 18,000	\$ 2,619	\$ 15,381	\$ 6,358
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,000)	\$ 17,474	\$ 23,474	\$ 8,468
Other Financing Sources (Uses):				
Operating Transfers In(Out):				
General Fund-Loan-Sidewalk		-		-
Debt Repayment General Fund	2,400	-	(2,400)	-
Excess (Deficiency) of Revenues over Expenditures and Other Uses	\$ (3,600)	\$ 17,474	\$ 21,074	\$ 8,468
Fund Balance at Beginning of Year	574,825	572,193	(2,632)	563,725
Fund Balance at End of Year	\$ 571,225	\$ 589,667	\$ 18,442	\$ 572,193

See auditor's report.

CAPITAL PROJECTS FUNDS

FY 1999 Capital Improvement Fund - To account for the receipt and use of loan proceeds received from the issuance of Series 1999 \$350,000 Certificate of Obligation. Proceeds of these certificates are dedicated to specific capital improvements in the Town relative to street improvements.

TOWN OF INDEPENDENCE  
CAPITAL PROJECTS FUNDS

EXHIBIT H

COMBINING BALANCE SHEET

June 30, 1999  
With Comparative Totals as of June 30, 1998

	FY 1999 CAPITAL PROJECTS <u>FUND</u>	<u>(MEMORANDUM ONLY)</u>	
		<u>1999</u>	<u>1998</u>
ASSETS			
Cash	\$331,300	\$331,300	\$ -
Total Assets	<u>\$331,300</u>	<u>\$331,300</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
Construction Contracts Payable	\$330,975	\$330,975	\$ -
Total Liabilities	<u>\$330,975</u>	<u>\$330,975</u>	<u>\$ -</u>
Fund Balance:			
Unreserved:			
Designated	\$ 325	\$ 325	\$ -
Total Fund Balance	<u>\$ 325</u>	<u>\$ 325</u>	<u>\$ -</u>
Total Liabilities and Fund Balances	<u>\$331,300</u>	<u>\$331,300</u>	<u>\$ -</u>

See auditor's report.

TOWN OF INDEPENDENCE  
CAPITAL PROJECTS FUNDS

EXHIBIT H-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
With Comparative Totals as of June 30, 1998

	FY 1999 CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
		1999	1998
Revenues:			
Interest Income	\$ 1,112	\$ 1,112	\$ -
Total Revenues	\$ 1,112	\$ 1,112	\$ -
Expenditures:			
Street Project	\$ 350,787	\$ 350,787	\$ -
Total Expenditures	\$ 350,787	\$ 350,787	\$ -
Excess (Deficiency) of Revenues over Expenditures	\$ (349,675)	\$ (349,675)	\$ -
Other Financing Sources (Uses):			
Bond Proceeds	\$ 350,000	\$ 350,000	\$ -
Total Other Financing Services (Uses)	\$ 350,000	\$ 350,000	\$ -
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures and Other Financing Sources (Uses)	\$ 325	\$ 325	\$ -
Fund Balances at Beginning of Year	-	-	-
Fund Balances (Deficit) at End of Year	\$ 325	\$ 325	\$ -

See auditor's report.

#### DEBT SERVICE FUNDS

Sales Tax Refunding Bonds, Series 1994 - To accumulate monies for payment of the Sales Tax Refunding Bonds, Series 1994 due in annual installments, plus interest, through maturity in 2008. Debt service is financed from proceeds of a special 1% sales tax which was authorized at a special election held on November 28, 1981.

Certificates of Indebtedness, Series 1999 - To accumulate monies for payment of the Certificates of Indebtedness, Series 1999 due in annual installments, plus interest, through maturity in 2009. Debt service is financed from excess revenues of the Town above statutory, necessary and usual charges.



TOWN OF INDEPENDENCE  
DEBT SERVICE FUNDS

EXHIBIT I

COMBINING BALANCE SHEET

June 30, 1999  
With Comparative Totals for June 30, 1998

ASSETS

	CERTIFICATES OF	SALES TAX	TOTALS	
	INDEBTEDNESS	REFUNDING BONDS	1999	1998
	SERIES 1999	SERIES 1994		
Cash	\$ -	\$ 28,941	\$ 28,941	\$ 17,327
Investments	-	45,000	45,000	45,000
Due from Other Funds	7,072	-	7,072	-
Accrued Interest Receivable	-	-	-	-
Total Assets	\$ <u>7,072</u>	\$ <u>73,941</u>	\$ <u>81,013</u>	\$ <u>62,327</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Due to Other Funds	\$ -	\$ 7,072	\$ 7,072	\$ -
Total Liabilities	\$ -	\$ 7,072	\$ 7,072	\$ -
Fund Balances:				
Reserved for Debt Service	\$ 7,072	\$ 66,869	\$ 73,941	\$ 62,327
Total Fund Balances	\$ <u>7,072</u>	\$ <u>66,869</u>	\$ <u>73,941</u>	\$ <u>62,327</u>

See auditor's report.

TOWN OF INDEPENDENCE  
DEBT SERVICE FUNDS

EXHIBIT I-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
With Comparative Totals for the Year Ended June 30, 1998

	CERTIFICATES OF INDEBTEDNESS SERIES 1999	SALES TAX REFUNDING BONDS SERIES 1994	TOTALS	
			1999	1998
Revenues:				
Interest	\$ -	\$ 3,205	\$ 3,205	\$ 2,756
Total Revenues	\$ -	\$ 3,205	\$ 3,205	\$ 2,756
Expenditures:				
Principal Retirement	\$ -	\$ 15,000	\$ 15,000	\$ 15,000
Interest	2,808	11,590	14,398	12,505
Other	-	-	-	1,000
Total Expenditures	<u>2,808</u>	<u>26,590</u>	<u>29,398</u>	<u>28,505</u>
Deficiency of Revenues Over Expenditures	\$ (2,808)	\$ (23,385)	\$ (26,193)	\$ (25,749)
Other Financing Sources (Uses):				
Operating Transfers In(Out)	9,880	27,927	37,807	28,800
Proceeds from Refunding Bonds	-	-	-	-
Payment to Refund Bonds	-	-	-	-
Excess of Revenues and Other Sources Over Expen- ditures and Other Uses	\$ 7,072	\$ 4,542	\$ 11,614	\$ 3,051
Fund Balances at Beginning of Year	-	<u>62,327</u>	<u>62,327</u>	<u>59,276</u>
Fund Balances at End of Year	\$ <u>7,072</u>	\$ <u>66,869</u>	\$ <u>73,941</u>	\$ <u>62,327</u>

See auditor's report.

ENTERPRISE FUND

Water and Sewer Enterprise Fund - To account for the provision of water, sewer, and other services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Town of Independence  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J

COMBINING BALANCE SHEET  
 June 30, 1999 and 1998

	ASSETS			
	WATER	SEWER	TOTALS	
	<u>FUND</u>	<u>FUND</u>	<u>1999</u>	<u>1998</u>
<b>Current Assets:</b>				
Cash	\$ 65,745	\$ 137,455	\$ 203,200	\$ 159,273
Investments	30,000	-	30,000	30,000
<b>Receivables:</b>				
Accounts Receivable	41,179	-	41,179	37,530
Less: Allowance for Uncollectible Accounts	( 9,382)	-	( 9,382)	(6,886)
Accrued Interest Receivable	759	-	759	759
Sales Tax Receivable	-	4,033	4,033	4,417
Due from Other Funds	-	20,039	20,039	14,986
Due from Other Governments	-	-	-	<u>157,000</u>
<b>Total Current Assets</b>	<u>\$ 128,301</u>	<u>\$ 161,527</u>	<u>\$ 289,828</u>	<u>\$ 397,079</u>
<b>Restricted Assets:</b>				
Cash - \$290,000 Revenue Bond Debt Service Account	\$ -	\$ 46,525	\$ 46,525	\$ 43,604
Cash - \$102,000 Revenue Bond Debt Service and Contingency Account	-	40,100	40,100	34,124
Investments - \$102,000 Revenue Bond Debt Service and Contingency	-	10,000	10,000	10,000
Cash - Utility Customer - Deposit Account	<u>16,260</u>	<u>-</u>	<u>16,260</u>	<u>17,885</u>
<b>Total Restricted Assets</b>	<u>\$ 16,260</u>	<u>\$ 96,625</u>	<u>\$ 112,885</u>	<u>\$ 105,613</u>
Plant and Equipment, at Cost	\$1,014,568	\$3,550,582	\$ 4,565,150	\$ 4,515,258
(Less Accumulated Depreciation)	<u>(649,059)</u>	<u>(522,879)</u>	<u>(1,171,938)</u>	<u>(1,067,821)</u>
	<u>\$ 365,509</u>	<u>\$3,027,703</u>	<u>\$ 3,393,212</u>	<u>\$ 3,447,437</u>
<b>Total Assets</b>	<u>\$ 510,070</u>	<u>\$3,285,855</u>	<u>\$ 3,795,925</u>	<u>\$ 3,950,129</u>

(CONTINUED)

Town of Independence  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J  
 (CONTINUED)

COMBINING BALANCE SHEET (CONTINUED)  
 June 30, 1999 and 1998

LIABILITIES AND FUND EQUITY

	WATER FUND	SEWER FUND	TOTALS	
			1999	1998
<b>Liabilities:</b>				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	\$ 2,656	\$ -	\$ 2,656	\$ 25,509
Due to Other Funds	65,589	10,520	76,109	64,862
Construction Contracts Payable	-	-	-	13,780
Construction Retainage Payable	-	-	-	108,143
Capital Lease Obligation	-	-	-	-
Sales Tax Collection Fee Payable	-	26	26	29
Total Current Liabilities (Payable from Current Assets)	\$ 68,245	\$ 10,546	\$ 78,791	\$ 212,323
Current Liabilities (Payable from Restricted Assets):				
Revenue Bonds Payable	\$ -	\$ 30,423	\$ 30,423	\$ 30,123
Accrued Bond Interest Payable	-	1,660	1,660	1,660
Utility Customer Deposits	16,260	-	16,260	17,885
Total Current Liabilities (Payable from Restricted Assets)	\$ 16,260	\$ 32,083	\$ 48,343	\$ 49,668
Long-Term Liabilities:				
Revenue Bonds Payable	\$ -	\$1,055,920	\$1,055,920	\$1,086,389
Note Payable	-	-	-	-
Capital Lease Obligation	-	-	-	-
Total Long-Term Liabilities	\$ -	\$1,055,920	\$1,055,920	\$1,086,389
Total Liabilities	\$ 84,505	\$1,098,549	\$1,183,054	\$1,348,380
<b>Fund Equity:</b>				
Contributed Capital:				
Municipality	\$ 215,676	\$ 200,000	\$ 415,676	\$ 415,676
Federal Grants	-	1,130,357	1,130,357	1,082,857
State Grants	427,805	695,324	1,123,129	1,123,129
Total Contributed Capital	\$ 643,481	\$2,025,681	\$2,669,162	\$2,621,662
Retained Earnings:				
Reserved for Revenue Bond Retirement	\$ -	\$ 64,542	\$ 64,542	\$ 55,945
Unreserved - Undesignated (Deficit)	(217,916)	97,083	(120,833)	(75,858)
Total Retained Earnings (Deficit)	(217,916)	161,625	(56,291)	(19,913)
Total Fund Equity	425,565	2,187,306	2,612,871	2,601,749
Total Liabilities and Fund Equity	\$ 510,070	\$3,285,855	\$3,795,925	\$3,950,129

See auditor's report.

TOWN OF INDEPENDENCE  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUND

EXHIBIT J-1

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS

For the Year Ended June 30, 1999  
 With Comparative Actual Amounts for the Year Ended June 30, 1998

	WATER FUND	SEWER FUND	TOTALS	
			1999	1998
Operating Revenues:				
Water and Sewer Services	\$ 134,897	\$ 150,581	\$ 285,478	\$ 222,580
Delinquent Charges	6,114	-	6,114	6,767
Connection Fees	<u>1,200</u>	<u>1,650</u>	<u>2,850</u>	<u>3,350</u>
Total Operating Revenues	<u>\$ 142,211</u>	<u>\$ 152,231</u>	<u>\$ 294,442</u>	<u>\$ 232,697</u>
Operating Expenses:				
Salaries	\$ 29,202	\$ 20,739	\$ 49,941	\$ 41,494
Retirement and Medicare	2,655	1,541	4,196	3,013
Office Expense	2,861	179	3,040	2,983
Repairs and Maintenance	16,872	13,973	30,845	22,317
Fuel	1,735	54	1,789	3,713
Operating Supplies	1,687	892	2,579	5,278
Utilities	15,898	38,959	54,857	31,721
Insurance	3,101	1,676	4,777	10,984
Professional Fees	4,100	26,300	30,400	16,107
Miscellaneous	141	811	952	3,361
Sewer Plant Expense	-	3,619	3,619	4,190
Depreciation	20,743	83,372	104,115	58,771
Sales Tax Collection Fee Expense	-	390	390	364
Bad Debts	<u>2,496</u>	<u>-</u>	<u>2,496</u>	<u>4,586</u>
Total Operating Expenses	<u>\$ 101,491</u>	<u>\$ 192,505</u>	<u>\$ 293,996</u>	<u>\$ 208,882</u>
Operating Income (Loss)	\$ 40,720	\$ (40,274)	\$ 446	\$ 23,815
Non-Operating Income (Expense):				
Interest Earned	3,831	7,787	11,618	11,065
Dedicated Sales Tax	-	59,998	59,998	55,947
Interest Expense	-	(50,787)	(50,787)	(30,139)
State Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Operating Transfers	\$ 44,551	\$ (23,276)	\$ 21,275	\$ 60,688
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>( 57,653)</u>	<u>-</u>	<u>(57,653)</u>	<u>(51,144)</u>
Net Income (Loss)	\$ ( 13,102)	\$ (23,276)	\$ (36,378)	\$ 9,544
Retained Earnings (Deficits):				
Beginning of Year	<u>(204,814)</u>	<u>184,901</u>	<u>(19,913)</u>	<u>(29,457)</u>
End of Year	<u>\$ (217,916)</u>	<u>\$ 161,625</u>	<u>\$ (56,291)</u>	<u>\$ (19,913)</u>

See auditor's report.

TOWN OF INDEPENDENCE  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-2

COMBINING STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 1999 and 1998

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:				
Operating Income (Loss) \$	\$ 40,720	\$( 40,274)	\$ 446	\$ 23,815
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:				
Depreciation	20,743	83,372	104,115	58,771
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	( 3,649)	-	( 3,649)	( 9,211)
(Increase) Decrease in Sales Tax Receivable	-	384	384	468
(Increase) Decrease in Accrued Interest Receivable	-	-	-	-
Increase (Decrease) in Provision for Bad Debts	2,497	-	2,497	-
Increase (Decrease) in Accounts Payable	( 322)	( 22,531)	( 22,853)	6,542
Increase (Decrease) in Customer Deposits Payable	( 1,625)	-	( 1,625)	2,845
Increase (Decrease) in Accrued Expenses	-	-	-	( 3)
Increase (Decrease) in Construction Payables	-	(121,923)	(121,923)	(146,230)
Total Adjustments	<u>\$ 17,644</u>	<u>\$( 60,698)</u>	<u>\$( 43,054)</u>	<u>\$ ( 86,818)</u>
Net Cash Used in Operating Activities	<u>\$ 58,364</u>	<u>\$(100,972)</u>	<u>\$( 42,608)</u>	<u>\$ ( 63,003)</u>
Cash Flows From Noncapital Financing Activities:				
Increase (Decrease) in Due to Other Funds	\$ 20,834	\$( 9,587)	\$ 11,247	\$ 35,236
(Increase) Decrease in Due from Other Funds	-	( 5,053)	( 5,053)	( 14,986)
(Increase) Decrease in Due from Other Governments	-	157,000	157,000	( 36,571)
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(57,653)</u>	<u>-</u>	<u>( 57,653)</u>	<u>( 51,144)</u>
Net Cash Provided by Noncapital Financing Activities	<u>\$ (36,819)</u>	<u>\$ 142,360</u>	<u>\$ 105,541</u>	<u>\$ ( 67,465)</u>

(CONTINUED)

EXHIBIT J-2  
(CONTINUED)

TOWN OF INDEPENDENCE  
PROPRIETARY FUNDS  
WATER AND SEWER ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 1999 and 1998

	WATER FUND	SEWER FUND	1999	1998
Cash Flows From Capital and Related Financing Activities:				
Construction of Capital Assets	\$ -	\$ (49,894)	\$ (49,894)	\$ (2,020,000)
Proceeds from Sale of Bond Anticipation Notes	-	-	-	838,731
Purchase of Equipment	-	-	-	-
Proceeds from Sale of Sewer Revenue Bonds	-	-	-	975,000
Capital Lease Obligation Principal Paid	-	-	-	-
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	-	59,998	59,998	55,947
Principal Payments on Bond Anticipation Notes	-	-	-	( 968,298)
Revenue Bond Principal Paid	-	(30,169)	(30,169)	( 24,488)
Interest Paid	-	(50,787)	(50,787)	( 30,139)
Purchase of Land	-	-	-	-
Capital Grants Received	-	47,500	47,500	1,338,174
Net Cash Provided by Capital and Related Financing Activities	\$ -	\$ (23,352)	\$ (23,352)	\$ 164,927
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 3,831	\$ 7,787	\$ 11,618	\$ 11,065
Purchase of Investments	(60,000)	(20,000)	(80,000)	( 80,000)
Proceeds from Maturities of Investments	60,000	20,000	80,000	80,000
Net Cash Provided by Investing Activities	\$ 3,831	\$ 7,787	\$ 11,618	\$ 11,065
Increase in Cash	\$ 25,376	\$ 25,823	\$ 51,199	\$ 45,524
Cash at Beginning of Year	56,629	198,257	254,886	209,362
Cash at End of Year	\$ 82,005	\$ 224,080	\$ 306,085	\$ 254,886
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 65,745	\$ 137,455	\$ 203,200	\$ 159,273
Restricted Cash	16,260	86,625	102,885	95,613
	\$ 82,005	\$ 224,080	\$ 306,085	\$ 254,886

See auditor's report.



GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

## TOWN OF INDEPENDENCE

EXHIBIT K

COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS - BY SOURCES

June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General Fixed Assets, at Cost:		
Land	\$ 64,500	\$ 64,500
Buildings	340,081	340,081
Machinery and Equipment	<u>194,840</u>	<u>176,787</u>
Total General Fixed Assets	<u>\$ 599,421</u>	<u>\$ 581,368</u>
Investment in General Fixed Assets:		
Donations	\$ 12,426	\$ 12,426
Municipal Funds	437,580	424,962
Federal Grants	14,604	10,272
State Grants	<u>134,811</u>	<u>133,708</u>
Total Investment in General Fixed Assets	<u>\$ 599,421</u>	<u>\$ 581,368</u>

See auditor's report.

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

For the Year Ended June 30, 1999

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>
General Fixed Assets, Beginning of Year	\$ 581,368	\$ 64,500	\$ 340,081	\$ 176,787
Additions:				
Municipal Funds	12,618	-	-	12,618
State Grant	1,103	-	-	1,103
Federal Grant	4,332	-	-	4,332
Reductions:				
Municipal Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Fixed Assets, End of Year	<u>\$ 599,421</u>	<u>\$ 64,500</u>	<u>\$ 340,081</u>	<u>\$ 194,840</u>

See auditor's report.

GENERAL LONG-TERM DEBT  
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payments of maturing obligations, including interest, are accounted for in the debt service funds.

## TOWN OF INDEPENDENCE

EXHIBIT L

COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT

June 30, 1999 and 1998

	<u>TOTALS</u>	
	<u>1999</u>	<u>1998</u>
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT</b>		
Amount Available in Debt Service Funds for Debt Retirement	\$ 73,941	\$ 62,327
Amount to be Provided from Repayment of Note Receivable	-	-
Amount to be Provided in Future Years from General Fund Revenues	342,927	4,636
Amount to be Provided in Future Years from 1% Sales Tax	<u>108,132</u>	<u>127,673</u>
Total Available and to be Provided	<u>\$525,000</u>	<u>\$194,636</u>
<b>GENERAL LONG-TERM DEBT PAYABLE</b>		
Obligation Under Grant Agreement	\$ -	\$ -
Certificate of Obligation, Final Maturity 1/01/2009	350,000	4,636
Note Payable, Final Maturity 10/27/1997	-	-
Sales Tax Refunding Bonds, Series 1994, Final Maturity 6/1/2008	<u>175,000</u>	<u>190,000</u>
	<u>\$525,000</u>	<u>\$194,636</u>

See auditor's report.

OTHER SUPPLEMENTARY INFORMATION SCHEDULES

SCHEDULE OF CHANGES IN ASSETS  
RESTRICTED FOR REVENUE BOND DEBT SERVICE

TOWN OF INDEPENDENCE

SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE

For the Year Ended June 30, 1999  
With Comparative Totals for the Year Ended June 30, 1998

	<u>\$975,000 REVENUE BONDS, DECEMBER 16, 1997</u>		<u>\$290,000 REVENUE BONDS, APRIL 21, 1980</u>		<u>\$102,000 REVENUE BONDS, APRIL 21, 1980</u>		<u>\$290,000 REVENUE BONDS, APRIL 21, 1980</u>	
	<u>CURRENT</u>	<u>FUTURE</u>	<u>CURRENT</u>	<u>FUTURE</u>	<u>CURRENT</u>	<u>FUTURE</u>	<u>CURRENT</u>	<u>FUTURE</u>
	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>	<u>DEBT</u>
	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>	<u>SERVICE</u>
	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>	<u>CONTINGENCY</u>
	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Balance at Beginning of Year:								
Cash	\$ 3,587	\$ 7,466	\$ 23,071	\$ 34,124	\$ 21,617	\$ 21,987	\$ -	\$ 43,604
Investments	-	-	10,000	10,000	-	-	-	10,000
Total	<u>\$ 3,587</u>	<u>\$ 7,466</u>	<u>\$ 33,071</u>	<u>\$ 44,124</u>	<u>\$ 21,617</u>	<u>\$ 21,987</u>	<u>\$ -</u>	<u>\$ 43,604</u>
Receipts:								
Transfer from Operating Account	\$ 59,588	\$ 2,979	\$ 1,152	\$ 63,719	\$ 21,100	\$ 1,055	\$ -	\$ 22,155
Interest	-	-	1,913	1,913	1,033	1,033	-	2,066
Total Receipts	<u>\$ 59,588</u>	<u>\$ 2,979</u>	<u>\$ 3,065</u>	<u>\$ 65,632</u>	<u>\$ 22,133</u>	<u>\$ 2,088</u>	<u>\$ -</u>	<u>\$ 24,221</u>
Total Available	\$ 63,175	\$ 10,445	\$ 36,136	\$ 109,756	\$ 43,750	\$ 24,075	\$ -	\$ 67,825
Disbursements:								
Principal Payments	\$ 14,169	\$ -	\$ -	\$ 14,169	\$ 16,000	\$ -	\$ -	\$ 16,000
Interest Payments	<u>45,487</u>	<u>-</u>	<u>-</u>	<u>45,487</u>	<u>5,300</u>	<u>-</u>	<u>-</u>	<u>5,300</u>
Total Disbursements	<u>\$ 59,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,656</u>	<u>\$ 21,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,300</u>
Balance at End of Year:								
Cash	\$ 3,519	\$ 10,445	\$ 26,136	\$ 40,100	\$ 22,450	\$ 24,075	\$ -	\$ 46,525
Investments	-	-	10,000	10,000	-	-	-	10,000
Total	<u>\$ 3,519</u>	<u>\$ 10,445</u>	<u>\$ 36,136</u>	<u>\$ 50,100</u>	<u>\$ 22,450</u>	<u>\$ 24,075</u>	<u>\$ -</u>	<u>\$ 46,525</u>

See auditor's report.



SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

## Town of Independence

SCHEDULE 2

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

June 30, 1999

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Hanover Insurance Co.	Standard Fire Insurance		
	Town Hall, Fire Station #1, <u>Highway 51 North</u> Building	\$154,500	02-16-99
	Contents	\$ 25,000	02-16-99
Hanover Insurance Co.	Standard Fire Insurance		
	Fire Station #2 <u>Calhoun Street</u> Building	\$ 89,550	02-16-99
	Contents	\$ 10,000	02-16-99
Progressive Insurance Co.	Commercial Auto Policy Comprehensive and Collision 1992 Chevrolet Pickup 1991 Ford Police Car	ACV	05-14-99
American Liberty Insurance Co.	Standard Fire Insurance Police Station & Senior Citizen Center <u>Highway 51 North</u> Building	\$100,000	09-05-98
Hanover Insurance Co.	Utility Building and Controls Buildings/Lift Stations	\$223,000	08-30-98
Hanover Insurance Co.	Water Tower & Equipment		
	Tower	\$ 54,590	02-16-99
	Pumping Equipment	\$ 5,150	02-16-99
Hanover Insurance Co.	Fire Station #3 Building	\$ 50,000	08-30-98
LA Municipal Risk Management Agency	Commercial Auto Policy	\$500,000	05-01-99
LA Municipal Risk Management Agency	Commercial General Liability		
	Bodily Injury	\$500,000	05-01-99
	Property Damage	\$500,000	05-01-99
	Personal Injury	\$500,000	05-01-99
LA Municipal Risk Management Agency	Law Enforcement Officers Comprehensive Liability, Personal Injury	\$500,000	05-01-99
LA Municipal Risk Management Agency	Public Officials Liability Errors and Omissions	\$500,000	05-01-99
LA Municipal Risk Management Agency	Workmen's Compensation	\$ -	01-01-99
Western Surety	Fidelity Bond Donna King, Town Clerk	\$ 50,000	01-01-99
Western Surety	Fidelity Bond Shirley Alexander, Asst. Town Clerk	\$ 50,000	12-15-98

(CONTINUED)

Town of Independence

SCHEDULE 2  
(CONTINUED)

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

June 30, 1999

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Western Surety	Public Official Bonds Mayor Philip Domiano	\$100,000	10-03-98
Hanover Insurance Co.	Commercial Fire Policy Head Start Building	\$134,000	07-18-98
Audubon Insurance Co.	Commercial Coverage Backhoe	\$ 26,729	11-20-98
Audubon Insurance Co.	Commercial Auto Policy Comprehensive & Collision 1992 Ford Crown Victoria	\$ 15,000	08-16-98

See auditor's report.

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

Town of Independence  
SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

SCHEDULE 3

June 30, 1999

Term of Office - July 1, 1997- June 30, 2000

<u>NAME</u>	<u>TITLE</u>	<u>COMPENSATION PAID</u>
Phillip F. Domiano, Mayor P. O. Box 812 Independence, Louisiana 70443 (504) 878-2930	Mayor Street Commissioner	\$ 10,800 \$ 23,860
John J. Polito, Sr. P. O. Box 763 Independence, Louisiana 70443 (504) 878-2702	Fire Chief Alderman	\$ 21,327 \$ 2,250
Louis L. Joseph P. O. Box 621 Independence, Louisiana 70443 (504) 878-4711	Alderman	\$ 2,063
Joseph Guzzardo P. O. Box 545 Independence, Louisiana 70443 (504) 878-4664	Alderman	\$ 1,875
Parnell R. Baham P. O. Box 1282 Independence, Louisiana 70443 (504) 878-9356	Alderman	\$ 2,250
Anthony F. Catalano P. O. Box 2355 Independence, Louisiana 70443 (504)878-4280	Alderman	\$ 2,250
Jessie C. Pingno P. O. Box 191 Independence, Louisiana 70443 (504)878-4966	Police Chief	\$ 21,327

See auditor's report.

WATER AND SEWER RATE SCHEDULE

## Town of Independence

SCHEDULE 4

WATER AND SEWER RATE SCHEDULE

June 30, 1999

DESCRIPTION	TOTAL	WATER	GARBAGE	FIRE SERV I	POLICE SERV II	SEWER	TAX
No Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residential (1)	36.61	5.50	9.44	3.50	2.50	15.50	0.17
Residential (2)	73.21	11.00	18.88	7.00	5.00	31.00	0.33
Residential (3)	109.82	16.50	28.32	10.50	7.50	46.50	0.50
Residential (4)	146.42	22.00	37.76	14.00	10.00	62.00	0.66
Outside-water (1)	17.51	17.00	0.00	0.00	0.00	0.00	0.51
Outside-water (2)	35.02	34.00	0.00	0.00	0.00	0.00	1.02
Outside-water (3)	52.53	51.00	0.00	0.00	0.00	0.00	1.53
Outside-water & sewer	33.01	17.00	0.00	0.00	0.00	15.50	0.51
Outside-no sewer	21.11	5.50	9.44	3.50	2.50	0.00	0.17
	11.67	5.50	0.00	3.50	2.50	0.00	0.17
Commercial-Washateria	30.77	9.00	0.00	3.50	2.50	15.50	0.27
Head Start	281.21	9.00	9.44	3.50	2.50	256.50	0.27
	27.17	5.50	0.00	3.50	2.50	15.50	0.17
	54.33	11.00	0.00	7.00	5.00	31.00	0.33
	63.77	11.00	9.44	7.00	5.00	31.00	0.33
Car Wash-Indy Jet Spray	52.06	20.50	9.44	3.50	2.50	15.50	0.62
Car Wash-C&G	42.62	20.50	0.00	3.50	2.50	15.50	0.62
	39.94	9.00	9.44	3.50	2.50	15.50	0.00
French Settlement	103.33	100.00	0.00	0.00	0.00	0.00	3.00
Mater Dolorosa	440.25	177.75	0.00	3.50	2.50	256.50	0.00
Indy Middle School	476.62	214.12	0.00	3.50	2.50	256.50	0.00
Indy Elem School	528.00	265.50	0.00	3.50	2.50	256.50	0.00
Indy High School	543.37	280.87	0.00	3.50	2.50	256.50	0.00
Starscape Inc.	157.59	153.00	0.00	0.00	0.00	0.00	4.59
Lallie Kemp Hospital	1,033.50	750.00	0.00	0.00	0.00	283.50	0.00

(CONTINUED)

Town of Independence

SCHEDULE 4

(CONTINUED)

WATER AND SEWER RATE SCHEDULE (CONTINUED)

June 30, 1999

DESCRIPTION	TOTAL	WATER	GARBAGE	FIRE		POLICE		SEWER	TAX
				SERV I	SERV II	SERV I	SERV II		
Housing Authority	2,113.52	319.00	547.52	203.00	145.00	899.00	0.00		
Tax-exempt	36.44	5.50	9.44	3.50	2.50	15.50	0.00		
Residential (8)	292.84	44.00	75.52	28.00	20.00	124.00	1.32		
LA Medical & Surgical	100.00	50.00	0.00	0.00	0.00	50.00	0.00		
Residential (5)	183.03	27.50	47.20	17.50	12.50	77.50	0.83		

'Delinquent fee \$5.00

See auditor's report.



SCHEDULE OF WATER AND SEWER INFORMATION

SCHEDULE OF WATER AND SEWER INFORMATION

June 30, 1999

**AGED ACCOUNTS RECEIVABLE**

As of June 30, 1999, accounts receivable from water and sewer billings were aged as follows:

<u>CURRENT</u>	<u>OVER 30 DAYS</u>	<u>OVER 60 DAYS</u>	<u>OVER 90 DAYS</u>	<u>TOTAL</u>
<u>\$31,797</u>	<u>\$ 5,618</u>	<u>\$ 2,136</u>	<u>\$ 1,628</u>	<u>\$41,179</u>

**WATER AND SEWER USERS**

As of June 30, 1999, water and sewer users were composed of the following:

	<u>WATER</u>	<u>SEWER</u>
Residential	659	615
Non-Residential	<u>69</u>	<u>66</u>
Total Users	<u>728</u>	<u>681</u>

OTHER INDEPENDENT AUDITOR'S REPORTS  
AND FINDINGS AND RECOMMENDATIONS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA  
Jessie Travis-Gill, CPA  
Charles F. Dismukes, CPA

Member  
Society of Louisiana  
Certified Public Accountants

September 15, 1999

Independent Auditor's Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of General Purpose  
Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Phillip F. Domiano, Mayor  
and the Members of the Board of Aldermen  
Town of Independence, Louisiana

We have audited the general purpose financial statements of the Town of Independence, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

TOWN OF INDEPENDENCE

This report is intended for the information of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and Board of Aldermen of the Town of Independence, Louisiana, is a matter of public record.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPA'S

FINDINGS AND RECOMMENDATIONS

Town of Independence

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1999

FINDINGS AND RECOMMENDATIONS

None.



CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

Town of Independence

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1999

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
None.				

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Town of Independence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 1999

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
98-1	June 30, 1998	Sewer Bond Covenant	Yes		The financial statements for the year ended June 30, 1999 have been audited no later than three months after fiscal year end.

# Durnin & James

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA  
Jessie Travis-Gill, CPA  
Charles F. Dismukes, CPA

•CERTIFIED PUBLIC ACCOUNTANTS•

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copy and PLACE  
BACK in FILE)

December 7, 1999

Member  
American Institute of  
Certified Public Accountants

Member  
Society of Louisiana  
Certified Public Accountants

The Honorable Phillip F. Domiano, Mayor  
and Members of the Board of Aldermen  
Town of Independence, Louisiana

We have audited the general purpose financial statements of the Town of Independence for the year ended June 30, 1999, and have issued our report thereon dated September 15, 1999. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 10, 1998, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Town of Independence. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Independence's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town of Independence are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 1999. We noted no transactions entered into by the Town of Independence during the year that were both significant and unusual, and of which, under professional standards, we are

required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the proprietary fund-type financial statements taken as a whole.

#### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Town of Independence that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed several audit adjustments related to accounts receivable and accounts payable. The corrections were not considered material in relation to the individual fund-type financial statements of the Town of Independence taken as a whole. The Town has agreed to the proposed audit adjustments and will record the adjustments in the accounting records of the Town of Independence for the year ended June 30, 1999.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Consultations with Other Independent Accountants

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles."

#### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Town of Independence  
December 7, 1999  
Page Three

This report is for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and Board of Aldermen of the Town of Independence, Louisiana, is a matter of public record.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPA'S

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