

TOWN OF INDEPENDENCE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Town of Independence, Louisiana

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For the Year Ended June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Independence, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

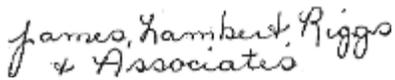
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major governmental fund financial statements; the schedule of compensation of paid elected officials; the schedule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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

November 10, 2022

Required Supplemental Information (Part I):

Management's Discussion and Analysis

Town of Independence, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2022

As management of the Town of Independence, Louisiana (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022. This Management Discussion and Analysis (the "MD&A") is designed to provide an objective and easy to read analysis of the Town's financial activities based on currently known facts, decisions, or conditions. It is designed to be read in conjunction with the financial statements and to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the short and long-term activities of the Town based on information presented in this financial report, as well as fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

- Total assets and deferred outflows for the year were \$14,112,771 at June 30, 2022, and exceeded liabilities and deferred inflows in the amount of \$7,585,136 (i.e., net position). \$6,418,944 was invested in capital assets, \$619,264 was restricted for debt service, and \$546,928 was unrestricted.
- The Town's total revenues for the year increased from the prior year by 9% from \$3,194,107 to \$3,484,969.
- Expenditures for the year increased by \$220,237 from the prior year from \$2,867,140 to \$3,087,377.
- Total net position increased by \$397,593.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Analysis

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

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Condensed Statement of Net Position

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 2,117,108	\$ 1,579,825	\$ 537,283	34.01%
Capital Assets	<u>11,783,599</u>	<u>12,030,786</u>	<u>(247,187)</u>	-2.05%
Total Assets	<u>13,900,707</u>	<u>13,610,611</u>	<u>290,096</u>	2.13%
Deferred Outflows of Resources	<u>212,064</u>	<u>317,143</u>	<u>(105,079)</u>	-33.13%
Liabilities:				
Current Liabilities	347,557	380,594	(33,037)	-8.68%
Long-Term Debt	5,234,405	5,307,016	(72,611)	-1.37%
Net Pension Liability	<u>586,941</u>	<u>989,293</u>	<u>(402,352)</u>	-40.67%
Total Liabilities	<u>6,168,903</u>	<u>6,676,903</u>	<u>(508,000)</u>	-7.61%
Deferred Inflows of Resources	<u>358,732</u>	<u>72,305</u>	<u>286,427</u>	396.14%
Net Position:				
Net Investment in Capital Assets	6,418,944	6,608,248	(189,304)	-2.86%
Restricted Net Position	619,264	505,768	113,496	22.44%
Unrestricted Net Position	<u>546,928</u>	<u>64,530</u>	<u>482,398</u>	747.56%
Total Net Position	<u>\$ 7,585,136</u>	<u>\$ 7,178,546</u>	<u>\$ 406,590</u>	5.66%

At June 30, 2022, assets exceeded liabilities by \$7,585,136 (net position). The Town had an Unrestricted Net Position of \$546,928 compared to \$64,530 for the prior year. The Town's net position is comprised of \$2,138,038 from Governmental Activities and \$5,447,098 from Business-Type Activities, as shown on Exhibit A.

The largest portion of the Town's net position (84%) reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position 10% represents resources that are subject to external restrictions on how they may be used.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Condensed Statement of Activities

	2022	2021	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,247,037	\$ 1,222,794	\$ 24,243	1.98%
Grants and Contributions	453,504	308,281	145,223	47.11%
General Revenues	1,784,428	1,663,032	121,396	7.30%
Total Revenues	3,484,969	3,194,107	290,862	9.11%
Expenses:				
Governmental Activities	1,781,119	1,649,822	131,297	7.96%
Business-Type Activities	1,306,257	1,217,318	88,939	7.31%
Total Expenses	3,087,376	2,867,140	220,236	7.68%
Change in Net Position	397,593	326,967	70,626	21.60%
Net Position:				
Beginning of the Year, Original	7,178,546	6,851,579	326,967	4.77%
Prior Period Adjustment	8,997	-	8,997	
Beginning Balance, Restated	7,187,543	6,851,579	335,964	
End of the Year	\$ 7,585,136	\$ 7,178,546	\$ 406,590	5.66%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. "Program Revenues" increased by \$24,243 to \$1,247,037. Grant and Contribution Revenue increased by \$145,223 to \$453,504. The increase in revenues is due a decrease in facility planning grants. of \$49,830 and an increase in American Rescue Plan funds of \$350,565.

Total expenses increased by \$220,237 to \$3,087,376. Business-Type Expenses increased by \$88,939. Governmental Activities expenditures increased by \$131,298 due to increases and decreases in various expenditure accounts.

Fund Financial Statements

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

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Governmental Funds – these funds provide a short-term view for the reader of the financial statements. These funds are designed to provide the user with information on short-term inflows and outflows of spendable resources as well as balances of those resources near the end of the year. Governmental funds are presented using an accounting method called modified accrual. Modified accrual measures cash and all other financial assets that are easily converted to cash. The financial information displayed in governmental funds assists the user in determining if the Town has sufficient financial resources to operate in the short term. The Town of Independence has two major funds, which are the general fund and the Innovative Housing Fund. Governmental funds are reconciled back to the fund balance displayed in the governmental activities in Exhibit F.

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

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

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

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Funds. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. A summary of general governmental operations of 2022 by fund type is as follows:

	General Fund	Innovative Housing	Non-Major Funds	2022
Revenues and Transfers In	\$ 2,199,058	\$ 11,397	\$ 5	\$ 2,210,460
Expenditures and Transfers Out	<u>1,785,433</u>	<u>-</u>	<u>-</u>	<u>1,785,433</u>
Excess (Deficiency) of				
Revenues over Expenditures	413,625	11,397	5	425,027
Fund Balance - Beginning	<u>162,709</u>	<u>173,868</u>	<u>(2,014)</u>	<u>334,563</u>
Prior Period Adjustment	<u>8,997</u>	<u>-</u>	<u>-</u>	<u>8,997</u>
Fund Balance - Beginning, Restated	<u>171,706</u>	<u>173,868</u>	<u>(2,014)</u>	<u>343,560</u>
Fund Balance - Ending	<u>\$ 585,331</u>	<u>\$ 185,265</u>	<u>\$ (2,009)</u>	<u>\$ 768,587</u>

The General Fund is the primary operating fund of the Town. At the end of the year, the Town reported a fund balance of \$585,331.

The Town's other major fund, the Innovative Housing Fund, increased by \$11,397 during 2022, which was the result of interest received on promissory notes.

Non-Major Funds increased by \$6 due to interest income.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Revenues of the primary government for the general governmental fund types for 2022 totaled \$2,163,268. The Town's activities are largely supported by tax revenues, solid waste fees, and licenses and permits, which represent 80% of the total governmental resources. Sources of governmental revenues, excluding other financial sources, are summarized below.

Source of Revenue	2022		2021	
Taxes	\$ 1,086,867	50.24%	\$ 1,023,217	50.25%
Solid Waste	144,740	6.69%	144,811	7.11%
License and Permits	186,200	8.61%	203,913	10.01%
Fines and Forfeitures	105,358	4.87%	113,848	5.59%
Intergovernmental	5,794	0.27%	5,801	0.28%
Rental	113,853	5.26%	115,982	5.70%
Other	520,456	24.06%	428,778	21.06%
Total	<u>\$ 2,163,268</u>	<u>100.00%</u>	<u>\$ 2,036,350</u>	<u>100.00%</u>

Expenditures of the primary government for governmental fund types decreased in 2022 by \$111,578. The change is attributable to a significant decrease in capital outlay. General governmental expenditures by functions are summarized as follows:

Function	2022		2021	
General Government	\$ 388,596	21.76%	\$ 287,269	15.14%
Public Safety	808,492	45.28%	794,738	41.89%
Public Works	333,393	18.67%	24,299	1.28%
Solid Waste	122,688	6.87%	120,711	6.36%
Health and Recreation	27,955	1.57%	246,462	12.99%
Debt Service	5,646	0.32%	228,738	12.06%
Capital Outlay	98,663	5.53%	194,794	10.27%
Total	<u>\$ 1,785,433</u>	<u>100.00%</u>	<u>\$ 1,897,011</u>	<u>100.00%</u>

General Fund Budgetary Highlights

For the general fund, actual revenues and other financing sources were \$6,967 more than final budgeted amounts. Actual expenditures and other financing uses were \$22,963 less than final budgeted amounts. The net change in fund balance was \$48,369 more than final budgeted amounts.

For the general fund, original budgeted revenues and other financing sources were \$1,742,800 and final budgeted revenues and other financing sources were \$2,248,296.

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

- Sales taxes were increased by \$182,870 to account for an anticipated increase in sales tax.
- Police fines were decreased by \$37,400 to account for an anticipated decrease in police fines.
- Rental income was increased by \$12,500.
- On behalf payments from the state were decreased by \$17,000.
- Other Revenues were increased by 282,513 to account for an increase in American Rescue Plan and other Grant funds.

Town of Independence, Louisiana
 Management's Discussion and Analysis (Continued)
 For the Year Ended June 30, 2022

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2022 amounts to \$9,855,953 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, and water and sewer infrastructure and current construction in process. A summary of capital assets at year-end includes the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 100,150	\$ 100,150	\$ 69,808	\$ 69,808
Buildings and Equipment	2,810,621	2,711,957	802,920	691,380
Infrastructure	3,051,049	3,051,049	-	-
Utility Systems	-	-	15,038,686	14,970,279
Accumulated Depreciation	<u>(4,034,174)</u>	<u>(3,925,226)</u>	<u>(6,055,461)</u>	<u>(5,638,611)</u>
Net Capital Assets	<u>\$ 1,927,646</u>	<u>\$ 1,937,930</u>	<u>\$ 9,855,953</u>	<u>\$ 10,092,856</u>

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

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$5,299,199 payable from a pledge of the Town's sewer and water revenues.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the Town's budget for the 2023 fiscal year:

For 2022, the Town transferred \$56,205 from the General Fund to the Utility Fund. The General Fund's Fund Balance increased by \$423,551 to \$586,260.

Requests for Information

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

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

Town of Independence, Louisiana
Statement of Net Position
June 30, 2022

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 441,493	\$ 393,584	\$ 835,077
Receivables, Net	6,350	82,598	88,948
Franchise Tax Receivables	10,638	-	10,638
Due From Other Governments	175,736	36,671	212,407
Leases Receivable	72,283	-	72,283
Internal Balances	47,227	(47,227)	-
Restricted Cash and Cash Equivalents	-	743,884	743,884
Notes Receivable, Net	131,910	-	131,910
Prepaid Insurance	14,055	7,906	21,961
Land	100,150	69,808	169,958
Capital Assets, Net	1,827,496	9,786,145	11,613,641
Total Assets	2,827,338	11,073,369	13,900,707
Deferred Outflows of Resources			
Pension Related	185,662	26,402	212,064
Total Deferred Outflows of Resources	185,662	26,402	212,064
Liabilities			
Accounts Payable	28,352	24,186	52,538
Accrued Liabilities	20,884	3,776	24,660
Due to Other Governments	-	1,837	1,837
MERS	4,588	-	4,588
MPERS	9,064	-	9,064
Non-Current Liabilities:			
Due Within One Year	-	130,250	130,250
Due in More Than One Year	-	5,234,405	5,234,405
Payable from Restricted Assets:			
Utility Meter Deposits	-	124,620	124,620
Net Pension Liability, MPERS	414,210	-	414,210
Net Pension Liability, MERS	78,644	94,087	172,731
Total Liabilities	555,742	5,613,161	6,168,903
Deferred Inflows of Resources			
Deferred Inflows of Rents	68,217	-	68,217
Deferred Inflows Pension Related	251,003	39,512	290,515
Total Deferred Inflows of Resources	319,220	39,512	358,732
Net Position			
Net Investment in Capital Assets	1,927,646	4,491,298	6,418,944
Restricted for:			
Debt Service	-	619,264	619,264
Unrestricted	210,392	336,536	546,928
Total Net Position	\$ 2,138,038	\$ 5,447,098	\$ 7,585,136

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

Exhibit B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues & Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 426,221	\$ 58,195	\$ 351,565	\$ 53,116	\$ 36,655	\$ -	\$ 36,655
Public Safety	818,459	105,358	37,000	-	(676,101)	-	(676,101)
Public Works	385,513	-	-	-	(385,513)	-	(385,513)
Solid Waste	122,688	144,740	-	-	22,052	-	22,052
Health and Recreation	27,955	-	-	-	(27,955)	-	(27,955)
Debt Service Interest	283	-	-	-	(283)	-	(283)
Total Governmental Activities	1,781,119	308,293	388,565	53,116	(1,031,145)	-	(1,031,145)
Business-Type Activities:							
Sewer	801,599	464,632	-	11,823	-	(325,144)	(325,144)
Water	504,658	474,112	-	-	-	(30,546)	(30,546)
Total Business-Type Activities	1,306,257	938,744	-	11,823	-	(355,690)	(355,690)
Total	\$ 3,087,376	\$ 1,247,037	\$ 388,565	\$ 64,939	(1,031,145)	(355,690)	(1,386,835)
General Revenues:							
Sales & Property Taxes					1,078,354	224,729	1,303,083
Licenses and Permits					186,200	-	186,200
Utility Franchise Fees					8,513	-	8,513
Intergovernmental					5,794	-	5,794
Rental Income					113,853	-	113,853
Miscellaneous					20,580	4,183	24,763
Transfers In and (Out)					(56,205)	56,205	-
Insurance Reimbursement					103,397	-	103,397
Pension Contributions from Non-Employer Contributing Entities					31,531	7,294	38,825
Total General Revenues					1,492,017	292,411	1,784,428
Change in Net Position					460,872	(63,279)	397,593
Net Position - Beginning of the Year					1,668,169	5,510,377	7,178,546
Prior Period Adjustment					8,997	-	8,997
Net Position - Beginning of the Year, Restated					1,677,166	5,510,377	7,187,543
Net Position - End of the Year					\$ 2,138,038	\$ 5,447,098	\$ 7,585,136

The accompanying notes are an integral part of this statement.

**Basic Financial Statements –
Fund Financial Statements**

Town of Independence, Louisiana
 Balance Sheet – Governmental Funds
 June 30, 2022

Exhibit C

		<u>Special Revenue Fund</u>		
	<u>General Fund</u>	<u>Innovative Housing Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 390,147	\$ 49,697	\$ 1,649	\$ 441,493
Receivables, Net	6,350	-	-	6,350
Franchise Tax Receivables	10,638	-	-	10,638
Due From Other Governments	175,736	-	-	175,736
Leases Receivable	72,283	-	-	72,283
Notes Receivable, Net	-	131,910	-	131,910
Due from Other Funds	47,227	3,658	-	50,885
Prepaid Insurance	14,055	-	-	14,055
Total Assets	<u>\$ 716,436</u>	<u>\$ 185,265</u>	<u>\$ 1,649</u>	<u>\$ 903,350</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 28,352	\$ -	\$ -	\$ 28,352
Accrued Liabilities	20,884	-	-	20,884
MERS	4,588	-	-	4,588
MPERS	9,064	-	-	9,064
Due to Other Funds	-	-	3,658	3,658
Total Liabilities	<u>62,888</u>	<u>-</u>	<u>3,658</u>	<u>66,546</u>
Deferred Inflows of Resources:				
Rent	68,217	-	-	68,217
Fund Balances (Deficits):				
Nonspendable	14,055	-	-	14,055
Unassigned	571,276	185,265	(2,009)	754,532
Total Fund Balances (Deficits)	<u>585,331</u>	<u>185,265</u>	<u>(2,009)</u>	<u>768,587</u>
Total Liabilities and Fund Balances	<u>\$ 648,219</u>	<u>\$ 185,265</u>	<u>\$ 1,649</u>	<u>\$ 835,133</u>

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position
 For the Year Ended June 30, 2022

Exhibit D

Fund Balances - Total Governmental Funds (Exhibit C) \$ 768,587

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

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

Governmental Capital Assets	5,961,820
Less: Accumulated Depreciation	(4,034,174)

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

Governmental Bonds & Capital Leases	-
Compensated Absences Payable	-

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

Net Pension Liability:	
Municipal Employees Retirement System of Louisiana	(78,644)
Municipal Police Employees Retirement System of Louisiana	(414,210)

Deferred Outflows of Resources	185,662
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Deferred Inflows of Resources	(251,003)
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Net Position of Governmental Activities (Exhibit A) \$ 2,138,038

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

Exhibit E

	General Fund	Special Revenue Fund Innovative Housing Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales Taxes	\$ 898,914	\$ -	\$ -	\$ 898,914
Property Taxes	179,440	-	-	179,440
Utility Franchise	8,513	-	-	8,513
Solid Waste Fees	144,740	-	-	144,740
Licenses and Permits	186,200	-	-	186,200
Fines and Forfeitures	105,358	-	-	105,358
Rental Income	113,853	-	-	113,853
Charges for Services	58,195	-	-	58,195
Intergovernmental	5,794	-	-	5,794
On-Behalf Payments from State	37,000	-	-	37,000
Other Revenues	3,453	8,911	-	12,364
Interest Income	5,725	2,486	5	8,216
Grants:				
Entergy Grant	1,000	-	-	1,000
Facility Planning Grant	53,116	-	-	53,116
American Rescue Plan	350,565	-	-	350,565
Total Revenues	<u>2,151,866</u>	<u>11,397</u>	<u>5</u>	<u>2,163,268</u>
Expenditures:				
Current:				
General Government	368,130	-	-	368,130
Municipal Court	20,466	-	-	20,466
Public Safety	808,492	-	-	808,492
Public Works	333,393	-	-	333,393
Solid Waste	122,688	-	-	122,688
Health and Recreation	27,955	-	-	27,955
Debt Service	5,646	-	-	5,646
Capital Outlay	98,663	-	-	98,663
Total Expenditures	<u>1,785,433</u>	<u>-</u>	<u>-</u>	<u>1,785,433</u>
Excess (Deficiency) of Revenues Over Expenditures	366,433	11,397	5	377,835
Other Financing Sources (Uses):				
Insurance Reimbursement	103,397	-	-	103,397
Transfers In / (Out)	(56,205)	-	-	(56,205)
Total Other Financing Sources (Uses)	<u>47,192</u>	<u>-</u>	<u>-</u>	<u>47,192</u>
Change in Fund Balances	413,625	11,397	5	425,027
Fund Balances (Deficits):				
Beginning of the Year	162,709	173,868	(2,014)	334,563
Prior Period Adjustment	8,997	-	-	8,997
Beginning of the Year, Restated	<u>171,706</u>	<u>173,868</u>	<u>(2,014)</u>	<u>343,560</u>
End of the Year	<u>\$ 585,331</u>	<u>\$ 185,265</u>	<u>\$ (2,009)</u>	<u>\$ 768,587</u>

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Exhibit F

Net Change in Fund Balances - Total Governmental Funds (Exhibit E) \$ 425,027

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

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

Capital Outlay	98,663
Depreciation Expense	(108,948)

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

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

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

Net Change in Pension Expense	9,237
Contributions from Non-Employer Contributing Entities	31,531

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

Payment of Long-Term Debt	5,362
Capital Lease Proceeds	-

Change in Net Position of Governmental Activities (Exhibit B) \$ 460,872

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds
June 30, 2022 and 2021

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2022	2021
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 268,848	\$ 124,736	\$ 393,584	\$ 255,262
Customer Accounts Receivable, Net	49,574	33,024	82,598	88,217
Due from Other Governments	36,671	-	36,671	37,452
Due from General Fund	-	-	-	133,221
Due from Water Fund	177,241	-	177,241	384,540
Prepaid Items	7,906	-	7,906	7,720
Total Current Assets	540,240	157,760	698,000	906,412
Non-Current Assets:				
Restricted Cash:				
Certificate of Deposits	270,000	176,000	446,000	-
Customer Deposits	-	118,281	118,281	110,363
Debt Service	89,173	90,430	179,603	507,445
Total Non-Current Assets	359,173	384,711	743,884	617,808
Capital Assets:				
Property, Plant, and Equipment, at Cost	9,837,911	6,003,697	15,841,608	15,661,659
Less: Accumulated Depreciation/Amort.	(3,731,929)	(2,323,534)	(6,055,463)	(5,638,611)
Land	40,708	29,100	69,808	69,808
Total Capital Assets	6,146,690	3,709,263	9,855,953	10,092,856
Total Assets	7,046,103	4,251,734	11,297,837	11,617,076
Deferred Outflows of Resources				
Pension Related	8,771	17,631	26,402	50,229
Total Deferred Outflows of Resources	8,771	17,631	26,402	50,229

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Net Position – Proprietary Funds (Continued)
June 30, 2022 and 2021

Exhibit G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2022	2021
Liabilities				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	\$ 12,529	\$ 11,657	\$ 24,186	\$ 38,421
Accrued Liabilities	1,260	2,516	3,776	6,838
Due to General Fund	47,227	-	47,227	-
Due to Sewer Fund	-	177,241	177,241	384,540
Current Portion of Capital Lease	-	15,734	15,734	-
Due to Other Governments	1,096	741	1,837	2,191
Total Current Liabilities (Payable from Current Assets)	62,112	207,889	270,001	431,990
Current Liabilities (Payable from Restricted Assets):				
Utility Customer Deposits	-	124,620	124,620	112,040
Current Portion of Long-Term Debt	72,352	42,166	114,518	110,836
Total Current Liabilities (Payable from Restricted Assets)	72,352	166,786	239,138	222,876
Non-Current Liabilities:				
Capital Lease	-	49,722	49,722	-
Revenue Bonds	2,889,215	2,295,466	5,184,681	5,299,199
Net Pension Liability	31,256	62,831	94,087	185,165
Total Non-Current Liabilities	2,920,471	2,408,019	5,328,490	5,484,364
Total Liabilities	3,054,935	2,782,694	5,837,629	6,139,230
Deferred Inflows of Resources				
Pension Related	13,126	26,386	39,512	17,698
Total Deferred Inflows of Resources	13,126	26,386	39,512	17,698
Net Position				
Net Investment in Capital Assets	3,185,123	1,306,175	4,491,298	4,682,821
Restricted	359,173	260,091	743,884	505,768
Unrestricted	442,517	(105,981)	211,916	321,788
Total Net Position	\$ 3,986,813	\$ 1,460,285	\$ 5,447,098	\$ 5,510,377

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
 Statements of Revenues, Expenses, and Changes in Net Position –
 Proprietary Funds
 For the Years Ended June 30, 2022 and 2021

Exhibit H

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2022	2021
Operating Revenues:				
Charges for Services	\$ 464,536	\$ 474,112	\$ 938,648	\$ 905,153
Other Revenue	96	-	96	498
Total Operating Revenues	464,632	474,112	938,744	905,651
Operating Expenses:				
Depreciation and Amortization	246,161	170,691	416,852	421,159
Equipment Rental	138,000	-	138,000	-
Salaries and Employee Benefits	73,145	128,800	201,945	198,032
Repairs and Maintenance	68,180	72,176	140,356	124,149
Utilities and Telephone	78,490	16,172	94,662	52,251
Supplies	12,790	7,714	20,504	17,097
Professional Fees	36,225	8,376	44,601	44,745
Environmental Testing	49,750	-	49,750	46,746
Insurance	16,580	9,293	25,873	28,759
Bad Debt	-	-	-	-
Vehicle Expense	100	796	896	5,721
Miscellaneous	13,774	28,244	42,018	36,623
Pension Expense	(24,546)	(13,596)	(38,142)	67,164
Total Operating Expenses	708,649	428,666	1,137,315	1,042,446
Operating Income / (Loss)	(244,017)	45,446	(198,571)	(136,795)
Non-Operating Revenues / (Expenses):				
Non-Employer Contributions	2,423	4,871	7,294	8,772
Investment Income	1,446	2,737	4,183	3,191
Grant Revenue	11,707	116	11,823	122
Sales and Use Tax	224,729	-	224,729	213,180
Sales of Fixed Asset	-	-	-	-
Other Income	-	-	-	120
Transfer In- General Fund	51,185	5,020	56,205	-
Interest Expense	(92,950)	(75,992)	(168,942)	(169,396)
Total Non-Operating Revenues / (Expenses)	198,540	(63,248)	135,292	55,989
Change in Net Position	(45,477)	(17,802)	(63,279)	(80,806)
Net Position - Beginning of Year	4,023,894	1,486,483	5,510,377	5,641,654
Net Position - End of the Year	\$ 3,978,417	\$ 1,468,681	\$ 5,447,098	\$ 5,560,848

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statements of Cash Flows – Proprietary Funds
For the Years Ended June 30, 2022 and 2021

Exhibit I

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2022	2021
Cash Flows from Operating Activities:				
Receipts from Customers and Users	\$ 427,313	\$ 516,955	\$ 944,268	\$ 923,070
Payments to Suppliers	(434,586)	(165,214)	(599,800)	(335,510)
Payments to Employees	(69,041)	(106,631)	(175,672)	(204,468)
Net Cash Provided by / (Used in) Operating Activities	<u>(76,314)</u>	<u>245,110</u>	<u>168,796</u>	<u>383,092</u>
Cash Flows From Noncapital Financing Activities:				
Transfer In From Other Funds	51,184	5,021	56,205	-
Increase / (Decrease) in Amounts Due to Other Funds, Net	387,747	(207,298)	180,449	53,778
Net Cash Provided by / (Used in) Noncapital Financing Activities	<u>438,931</u>	<u>(202,277)</u>	<u>236,654</u>	<u>53,778</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Grants, F.E.M.A Non-Employer Contributions	11,331	12,696	24,027	8,771
Proceeds from Sales Tax Collections	225,510	(599)	224,911	207,942
Proceeds from Capital Lease	-	-	-	-
Proceeds from Non-Operating Revenues	96	-	96	-
Principal Paid on Capital Lease	(69,938)	65,456	(4,482)	-
Interest Paid on Debt	(92,949)	(75,992)	(168,941)	(169,395)
Principal Paid on Debt	-	(40,897)	(40,897)	(115,469)
Payments for Capital Assets	(86,743)	(93,205)	(179,948)	(49,076)
Net Cash Provided by / (Used in) Capital and Related Financing Activities	<u>(12,693)</u>	<u>(132,541)</u>	<u>(145,234)</u>	<u>(117,227)</u>
Cash Flows From Investing Activities:				
Interest Earned on Investments	1,446	2,737	4,183	3,408
Net Cash Provided by / (Used in) Investing Activities	<u>1,446</u>	<u>2,737</u>	<u>4,183</u>	<u>3,408</u>
Net Increase / (Decrease) in Cash	351,370	(86,971)	264,399	323,051
Cash and Cash Equivalents - Beginning of the Year	<u>276,652</u>	<u>596,418</u>	<u>873,070</u>	<u>550,019</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 628,022</u>	<u>\$ 509,447</u>	<u>\$ 1,137,469</u>	<u>\$ 873,070</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash and Cash Equivalents	\$ 268,849	\$ 124,736	\$ 393,585	\$ 255,262
Restricted Cash and Cash Equivalents	<u>359,173</u>	<u>384,711</u>	<u>743,884</u>	<u>617,808</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 628,022</u>	<u>\$ 509,447</u>	<u>\$ 1,137,469</u>	<u>\$ 873,070</u>

(Continued)

Town of Independence, Louisiana
Statements of Cash Flows – Proprietary Funds (Continued)
For the Years Ended June 30, 2022 and 2021

Exhibit I

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2022	2021
	Reconciliation of Operating Income / (Loss) to Net Cash Provided by / (Used in) Operating Activities:			
Operating Income / (Loss)	\$ (244,017)	\$ 45,446	\$ (198,571)	\$ (142,271)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) / Operating Activities:				
Depreciation and Amortization	246,161	170,691	416,852	421,159
Changes in Assets and Liabilities:				
(Increase) / Decrease in Accounts Receivable	(37,224)	42,844	5,620	3,789
(Increase) / Decrease in Internal Balances	-	-	-	-
(Increase) / Decrease in Prepaid Insurance	(1,689)	-	(1,689)	1,054
(Increase) / Decrease in Deferred Outflows	16,028	7,800	23,828	23,313
Increase / (Decrease) in Accounts Payable	(16,816)	(828)	(17,644)	25,913
Increase / (Decrease) in Accrued Liabilities	36	554	590	1,426
Increase / (Decrease) in Due to Unclaimed Properties	-	-	-	-
Increase / (Decrease) in Prior Year M.E.R.S. Liabilities	-	-	-	-
Increase / (Decrease) in Net Pension Liability	(44,662)	(46,416)	(91,078)	28,568
Increase / (Decrease) in Deferred Inflows	5,869	12,439	18,308	6,511
Increase / (Decrease) in Meter Deposits	-	12,580	12,580	13,630
Net Cash Provided By / (Used In) Operating Activities	\$ (76,314)	\$ 245,110	\$ 168,796	\$ 383,092
Supplemental Disclosure of Cash Flow Information:				
Interest Paid			\$ 168,941	\$ 169,395

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

Town of Independence, Louisiana

Notes to Financial Statements
For the Year Ended June 30, 2022

Narrative Profile

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

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

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

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

B. Basic Financial Statements – Government-Wide Financial Statements

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

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

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

The Town does not allocate indirect costs.

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

C. Basic Financial Statements - Fund Financial Statements

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

Major Funds are determined by the following criteria:

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

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

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

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

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

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

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

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

D. Basis of Accounting

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

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

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

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

E. Budgets and Budgetary Accounting

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

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

F. Cash, Cash Equivalents, and Investments

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

G. Receivables

In government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables are recognized as bad debts and directly charged off at the time information becomes available which indicates the receivable is not collectible. In governmental fund types, the uncollectible amount is charged to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available that a receivable is not collectible. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. An allowance for doubtful accounts of \$24,200 was recorded in the proprietary funds at June 30, 2022.

H. Short-Term Interfund Receivables / Payables

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

I. Capital Assets

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

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

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

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

J. Long-Term Obligations

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

K. Compensated Absences

The Town's policy is to allow employees' vacation pay based on employee classification and length of service. Vacation pay is non-cumulative with any unpaid amounts paid to employees upon separation from Town's service. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. At June 30, 2022, \$520 was recorded as unused vacation pay in the General Fund. \$1,592 was recorded as unused vacation pay in the Water and Sewer Enterprise Fund.

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

L. Pension Plans

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

M. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

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

N. Fund Balance

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

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

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

O. Interfund Transactions

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

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

Sales and use taxes of two and one-half percent are levied on taxable sales within the Town. The sales tax is collected by the Tangipahoa Parish School Board, Sales Tax Division, and remitted to the Town in the month following receipt by the School Board. The School Board receives the sales tax approximately one month after collection by vendors. Sales taxes uncollected by Tangipahoa Parish in June and July (which represent sales for May and June) and received by the Town in July and August have been accrued as of June 30, 2022.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

The proceeds of the 1980 ½ % sales and use tax levied by the Town (current collections were \$224,729 for the year ended June 30, 2022) were dedicated for the payment of the \$290,000 Public Improvement Bonds. This tax expired January 3, 2005, but collection of the tax continued beyond the date of expiration. On March 31, 2007, a special election was held and the voters approved a proposition to continue to levy this tax. As of March 9, 2005, these \$290,000 Public Improvement Bonds were paid in full and the sales tax is no longer dedicated for payment of these bonds. On July 9, 2013, the Town issued \$2,632,000.00 of Sewer Revenue Bonds, Series 2014 to fund improvements to the Town's sewer system. These bonds are secured by a pledge and dedication of the excess of annual revenues of the Town including the proceeds of the 1980 1/2% sales and use tax.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Adoption of New Accounting Pronouncements

The Town of Independence adopted GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

B. Deposits, Investment Laws, and Regulations

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

3. Cash, Cash Equivalents, and Investments

On June 30, 2022, the Town had cash and cash equivalents (book balances) totaling \$1,578,961. These deposits are stated at cost, which approximates market.

	Statement of Net Position
Cash and Cash Equivalents	\$ 835,077
Restricted Cash and Cash Equivalents	743,884
Total Interest-Bearing Deposits	\$ 1,578,961

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$859,989 of the Town's cash was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the Town and the fiscal agent bank.

Under state law, these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. LRS 39:1229 imposes a requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

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

4. Restricted Cash

Restricted cash is related to utility customer deposits and reserve amounts required in debt service agreements. Restricted cash at June 30, 2022 was as follows:

	Governmental Activities	Business- Type Activities	Total
Debt Service	\$ -	\$ 625,603	\$ 625,603
Customer Meter Deposits	-	118,281	118,281
Total	\$ -	\$ 743,884	\$ 743,884

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

5. Receivables

As of June 30, 2022, the accounts receivable and due from other governments for governmental activities were as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Receivables:			
Franchise Fees	\$ 10,638	\$ -	\$ 10,638
Rent Receivable	6,350	-	6,350
Lease Receivables	<u>72,283</u>	-	<u>72,283</u>
Total Governmental Fund Receivables, Net	<u>\$ 89,271</u>	<u>\$ -</u>	<u>\$ 89,271</u>
Due From Other Governments:			
Sales and Use Tax	\$ 146,682	\$ -	\$ 146,682
Tax on Insurance Premiums	27,510	-	27,510
Beer Tax	<u>1,544</u>	-	<u>1,544</u>
Total Due From Other Governments	<u>\$ 175,736</u>	<u>\$ -</u>	<u>\$ 175,736</u>

As of June 30, 2022, the accounts receivable and due from other governments for business-type activities were as follows:

Accounts Receivable:	
Utility Charges	\$ 106,797
Less: Uncollectible Allowance	<u>(24,200)</u>
Total Proprietary Fund Receivables, Net	<u>\$ 82,597</u>
Due From Other Governments:	
Sales and Use Tax	<u>\$ 36,671</u>
Total Due From Other Governments	<u>\$ 36,671</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

6. Concentration of Credit Risk – Proprietary Funds

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

7. Notes Receivable – Innovative Housing Grant Program

The Town, through a grant program, received mortgage notes from individuals for residential and small business projects. These notes (10 outstanding as of June 30, 2022) are payable to the Town over a long-term payment schedule. The notes range in maturity, with interest between 1 and 3 percent and are secured by the improved real estate. As of June 30, 2022, the total outstanding balance of the notes was \$131,910.

8. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 100,150	\$ -	\$ -	\$ 100,150
Total Capital Assets Not Being Depreciated	100,150	-	-	100,150
Capital Assets:				
Building	2,015,406	47,308	-	2,062,714
Vehicles and Equipment	683,048	51,355	-	734,403
Infrastructure	3,051,049	-	-	3,051,049
Total Capital Assets	5,749,503	98,663	-	5,848,166
Less: Accumulated Depreciation:				
Building	626,451	61,082	-	687,533
Vehicles and Equipment	596,583	36,820	-	633,403
Infrastructure	2,700,424	9,117	-	2,709,541
Total Accumulated Depreciation	3,923,458	107,019	-	4,030,477
Total Governmental Capital Assets, Net	<u>\$ 1,926,195</u>	<u>\$ (8,356)</u>	<u>\$ -</u>	<u>\$ 1,917,839</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 29,852
Public Safety	26,976
Public Works	50,191
Total	<u>\$ 107,019</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

The following is a summary of changes in leased capital assets for the governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Leased Capital Assets:				
Leased Asset - Lawn Mower	13,504	-	-	13,504
Total Capital Assets	13,504	-	-	13,504
Less: Accumulated Amortization:				
Leased Asset - Lawn Mower	1,768	1,929	-	3,697
Total Accumulated Amortization	1,768	1,929	-	3,697
Total Leased Governmental Capital Assets, Net	<u>\$ 11,736</u>	<u>\$ (1,929)</u>	<u>\$ -</u>	<u>\$ 9,807</u>

Amortization expense was charged to governmental functions as follows:

Governmental Activities:

General Government	\$ -
Public Safety	-
Public Works	1,929
Total	<u>\$ 1,929</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 69,808	\$ -	\$ -	\$ 69,808
Total Capital Assets Not Being Depreciated	69,808	-	-	69,808
Capital Assets:				
Vehicles and Equipment	691,380	29,656	-	721,036
Water & Sewer Lines	9,241,254	68,407	-	9,309,661
Water Storage Tanks	1,753,115	-	-	1,753,115
Water Wells	435,124	-	-	435,124
Sewer Treatment Plan	2,672,651	-	-	2,672,651
Sewer Pumps and Lift Stations	868,135	-	-	868,135
Total Capital Assets	15,661,659	98,063	-	15,759,722
Less: Accumulated Depreciation:				
Vehicles and Equipment	551,132	55,116	-	606,248
Water & Sewer Lines	2,199,533	224,336	-	2,423,869
Water Storage Tanks	366,552	50,318	-	416,870
Water Wells	186,815	7,413	-	194,228
Sewer Treatment Plan	1,545,100	67,310	-	1,612,410
Sewer Pumps and Lift Stations	789,479	4,169	-	793,648
Total Accumulated Depreciation	5,638,611	408,662	-	6,047,273
Total Business-Type Capital Assets, Net	<u>\$ 10,092,856</u>	<u>\$ (310,599)</u>	<u>\$ -</u>	<u>\$ 9,782,257</u>

The following is a summary of changes in leased capital assets for business-type activities for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets:				
Leased Asset - Track Hoe	-	81,884	-	81,884
Total Capital Assets	-	81,884	-	81,884
Less: Accumulated Amortization:				
Leased Asset - Track Hoe	-	8,188	-	8,188
Total Accumulated Amortization	-	8,188	-	8,188
Total Business-Type Leased Assets, Net	<u>\$ -</u>	<u>\$ 73,696</u>	<u>\$ -</u>	<u>\$ 73,696</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

9. Leases

In November 2018, the Town entered into a lease purchase agreement with Bancorp South Equipment Finance for the purchase of a Bush Hog 3510 Cutter. The lease is for 36 months with 36 monthly payments at an interest rate of 4.5%. Title is passed to the Town at the expiration of the lease for no further consideration. At June 30, 2022, the Town recorded an asset of \$11,600 with accumulated depreciation of \$6,214. The lease was entirely paid off as of June 30, 2022.

On July 21, 2020 the town entered into a lease purchase agreement with Bancorp South Equipment Finance for the purchase of a Lawn Mower. The lease is for 48 months with 48 monthly payments at an interest rate of 2.85%. The lease contains a bargain purchase agreement at the end of the lease. At June 30, 2022, the Town recorded a leased asset of \$13,504 with accumulated amortization of \$3,697. The balance of the lease is \$7,817 with a current of maturity of \$3,398 as of June 30, 2022.

On July 8, 2021 the Town entered into a lease purchase agreement with CNH Industrial Capital America, LLC for the purchase of a Track Hoe. The lease is for 60 months with 60 monthly payments at an interest rate of 3.99%. The Town has an option to purchase the equipment at the fair market value at the time the purchase option is exercised. At June 30, 2022, the Town recorded a leased asset of \$81,884 with accumulated amortization of \$8,188. The balance of the lease is \$65,456 with a current of maturity of \$15,734 as of June 30, 2022.

Amortization schedules of the outstanding Finance Leases including interest expense of \$6,909 is as follows:

Year End	Lawn Mower			Track Hoe		
	Lease Payments	Interest	Principal	Lease Payments	Interest	Principal
06/30/23	\$ 3,576	145	3,431	\$ 18,034	\$ 2,249	\$ 15,785
06/30/24	3,576	80	3,496	18,034	1,629	16,405
06/30/25	894	4	890	18,034	984	17,050
06/30/26	-	-	-	18,034	1,818	16,216
	<u>\$ 8,046</u>	<u>\$ 229</u>	<u>\$ 7,817</u>	<u>\$ 72,136</u>	<u>\$ 6,680</u>	<u>\$ 65,456</u>

Operating Lease Receivables

The Town of Independence has the following Operating Lease Receivables:

Progressive Waste Lease Receivable

The Town of Independence is leasing to Progressive Waste a building located in the Independence Industrial Park of Northeast Railroad Avenue in Independence, Louisiana. The terms of the lease are for five years commencing on June 1, 2017 through June 1, 2022 at a payment of \$5,168 per month. The Lease automatically renews for an additional term of one month at the expiration of its initial term unless either party gives written notice to the other at least 30 days in advance of the expiration that it intends to terminate the lease. At June 30, 2022, this lease is month to month.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

Police Station Lease Receivable

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

Head Start Building Lease Receivable

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

Nutrition Store Lease Receivable

The Town of Independence is leasing premises located at 269 East Railroad Ave in Independence. The terms of the lease are for one year commencing on April 15, 2021 through April 15, 2022. Payments are \$350 per month. This building will be used for the purpose of selling specialty smoothie and other nutritional drinks at retail. operating a Head Start program for the poor and handicapped preschool children.

Retail Establishment Lease Receivable

The Town of Independence is leasing premises located at 269 East Railroad Ave in Independence. The terms of the lease are for three years commencing on August 1, 2020 through July 31, 2023. Payments are \$0 per month for the first six months and \$650 per month for months Seven through thirty-six. This building will be used as a retail establishment.

Retail Establishment Lease Receivable

The Town of Independence is leasing premises located at 269 East Railroad Ave in Independence. The terms of the lease are for three years commencing on June 1, 2021 through May 31, 2024. Payments are \$150 per month. This building will be used as a retail establishment.

During the year the Town of Independence adopted Governmental Accounting Standard Number 87. At June 30, 2022, the Town recorded a lease receivable of \$72,283 and deferred Inflows of Rent of \$68,217.

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

<u>Year Ended</u>	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>
2023	\$ 39,150	\$ 1,644	\$ 37,506
2024	28,854	644	28,210
2025	6,600	33	6,567
	<u>\$ 74,604</u>	<u>\$ 2,321</u>	<u>\$ 72,283</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

10. Long-Term Debt

The Town's long-term debt is to be repaid from business-type activities. The following is a summary of long-term liabilities of the Town for the year ended June 30, 2022:

	Total Debt 6/30/2021	Increase in Debt	Debt Retired	Total Debt 6/30/2022	Due in One Year
Revenue Bonds	\$ 5,410,035	\$ -	\$ 110,836	\$ 5,299,199	\$ 114,518
Total	<u>\$ 5,410,035</u>	<u>\$ -</u>	<u>\$ 110,836</u>	<u>\$ 5,299,199</u>	<u>\$ 114,518</u>

Business-Type Activities:

\$975,000 Sewer Revenue Bond dated December 16, 1997; Due in monthly installments of \$4,388 through December 16, 2037; Interest at 4.5%; Payable from a pledge of the Town's revenues of the Sewer System \$ 583,630

\$1,425,000 Water Revenue Bonds dated January 21, 2015; Due in monthly installments of \$4,974 through January 21, 2055; Interest at 2.75%; Payable from a pledge of the Town's revenues of the Water System. 1,281,350

\$1,150,000 Water Revenue Bonds dated May 21, 2015; Due in monthly installments of \$4,508 through January 21, 2055; Interest at 3.50%; Payable from a pledge of the Town's revenues of the Water System. 1,056,283

\$2,632,000 Sewer Revenue Bonds dated, April 28, 2015; Due in monthly installments of \$9,186 through April 16, 2055; Interest at 2.75%; Payable from a pledge of the Town's revenues of the Water System. 2,377,936

Total Business-Type Activities \$ 5,299,199

An amortization schedule of the outstanding long-term debt of the Business-Type Activities including interest expense of \$2,839,911 is as follows:

Year End	Sewer			Water		Totals
	Series 2015	Revenue Bond	Revenue Bond	Series 2015 A	Series 2015 B	
06/30/23	\$ 110,232	\$ 9,612	\$ 43,044	\$ 54,096	\$ 59,688	\$ 276,672
06/30/24	110,232	9,612	43,044	54,096	59,688	276,672
06/30/25	110,232	9,612	43,044	54,096	59,688	276,672
06/30/26	110,232	9,612	43,044	54,096	59,688	276,672
06/30/27	110,232	9,612	43,044	54,096	59,688	276,672
2028 - 2055	3,058,615	99,870	446,574	1,509,794	1,640,897	6,755,750
Total	<u>\$ 3,609,775</u>	<u>\$ 147,930</u>	<u>\$ 661,794</u>	<u>\$ 1,780,274</u>	<u>\$ 1,939,337</u>	<u>\$ 8,139,110</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

Bond Compliance Requirements

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

These bonds were approved via a board resolution on July 9, 2013. These bonds shall mature no later than forty years and bear an interest rate not exceeding 2 ³/₄% per annum. The bonds shall be paid solely from the income and revenues derived by the Town from the operation of the sewer system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of the system be deposited in a “Sewer Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Sewer Revenue Fund as follows:

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

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

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

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

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

The town was in compliance with the bond covenants at June 30, 2022.

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

These bonds were approved via a board resolution dated August 13, 2013. These bonds will be payable over a period of time not exceeding forty years and bear an interest rate not exceeding 4 ¹/₄% per annum. The Bonds shall be paid solely from the income and revenues derived by the Town from the operation of the water system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of the system be deposited in a “Water System Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Water System Revenue Fund as follows:

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

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

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

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

The town was in compliance with the bond covenants at June 30, 2022.

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

These bonds were approved via a board resolution dated July 9, 2013. These bonds will be payable over a period of time not exceeding forty years and bear an interest rate not exceeding 2 ¾% per annum. The Bonds shall be paid solely from the income and revenues derived by the Town from the operation of the water system, after paying reasonable and necessary expenses of operating and maintaining the system. The bond resolutions require the revenues earned from operations of system be deposited with the Town’s fiscal agent bank in a “Water System Revenue Fund.” After payment of all reasonable and necessary costs and expenses of maintaining the system, certain monthly payments must be made from the Water System Revenue Fund as follows:

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

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

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

The town was in compliance with the bond covenants at June 30, 2022.

\$975,000 Sewer Revenue Bonds

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

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

Each month, there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. The payments will continue monthly until December 2037, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

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

Funds will also be set aside into a Sewer Depreciation and Contingency Fund at the rate of \$318 per month. Money in this fund may be used for the making of repairs or replacements to the system that are necessary to keep it in operating condition.

Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in other bond funds.

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

The town was in compliance with the bond covenants at June 30, 2022.

Employee Pension Plans

A. Municipal Employees' Retirement System of Louisiana

General Information about the Pension Plan

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

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

Under Plan "A" Retirement benefits are generally determined as 3.0% of the employee's final compensation multiplied by the employee's years of creditable service. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits under age 60 with 5 years of service. Survivor's benefits are available upon the death of a member who has credit for 5 or more years of service who is not eligible for normal retirement benefits. Under state law, cost of living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost of living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

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

Under Plan “B” Employees are required to contribute 5.00% of their annual pay. The Town’s contractually required contribution rate for the year ended June 30, 2022, was 14.50 % of annual payroll. Contributions to the System from the Town were \$41,480 for the year ended June 30, 2022.

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

At June 30, 2022, the Town reported a liability of \$172,731 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s June 30, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2022, the Town recognized pension expense of -\$36,642. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	6,990	-
Changes of Experience	-	7,128
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	46,679
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	-	18,732
Town Contributions Subsequent to the Measurement Date	41,480	-
	\$ 48,470	\$ 72,539

\$41,480 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:		
June 30, 2022	\$	(23,163)
June 30, 2023		(13,875)
June 30, 2024		(12,107)
June 30, 2025		(16,403)
Thereafter		-

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases:	
1-4 Years of Service	7.40%
More Than 4 Years of Service	4.90%
Investment Rate of Return	6.85%

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

The actuarial assumptions used in the June 30, 2021 valuation were verified by combining data from the System with three other Louisiana statewide pension plans which have similar compositions in order to produce a credible experience. The data collected for this study covered the period July 1, 2009 to June 30, 2014.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Total	<u>100.00%</u>	<u>4.35%</u>
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

Discount Rate – The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee

(“PRSAC”) taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.85%) or one percentage-point higher (7.85%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>5.850%</u>	<u>6.850%</u>	<u>7.850%</u>
Town's Proportionate Share of the Net Pension Liability	\$ 88,877,974	\$ 57,930,858	\$ 31,755,392

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

B. Municipal Police Employees’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Police officers of the Town participate in the Municipal Police Employees’ Retirement System of Louisiana (the “Police System”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at www.lampers.org/auditreports.htm. The report may also be obtained by writing to the Municipal Police Employees’ Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, LA 70809-7601, or by calling (225) 929-7411.

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

For employees that became members of the Police System after to January 1, 2013, retirement benefits are divided into two sub-plans – Hazardous Duty and Non Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under both plans, retirement benefits are determined as 3% (for Hazardous Duty members) and 2 ½% (Non Hazardous Duty members) of the employee’s average final compensation based on the highest 60 consecutive months of pay multiplied by the employee’s years of creditable service, not to exceed 100%.

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

Contributions – Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System’s Board of Trustees. Employees are required to contribute 10.00% of their annual pay. The Town’s contractually required contribution rate for the year ended June 30, 2022, was 29.07% of annual payroll. Contributions to the Police System from the Town were \$101,845 for the year ended June 30, 2022.

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

At June 30, 2022, the Town reported a liability of \$414,210 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s June 30, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town’s proportion was .077705%, compared to .076401%, at June 30, 2021, and .070759% at June 30, 2020.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

For the year ended June 30, 2022, the Town recognized pension expense of -\$17,009. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	45,872	11,816
Changes of Experience	-	12,756
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	193,404
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	41,311	-
Town Contributions Subsequent to the Measurement Date	76,411	-
	\$ 163,594	\$ 217,976

\$76,411 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
June 30, 2022	(7,257)
June 30, 2023	(22,761)
June 30, 2024	(34,141)
June 30, 2025	(66,634)
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary Increases, Including Inflation & Merit	<u>Service Years</u>	<u>Growth Rate</u>
	1-2	12.30%
	3-23	4.70%
	Over 23	4.70%
Investment Rate of Return	6.750%, Net of Investment Expense	

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing / diversification. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	55.50	3.47%
Fixed Income	30.50	0.59%
Alternatives	14.00	1.01%
Other	-	-
Total	100.00%	5.07%
Inflation		2.22%
Expected Nominal Return		7.30%

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems’ Actuarial Committee (“PRSAC”) taking into consideration the recommendation of the Police System’s actuary. Based on those assumptions, the Police System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
Town's Proportionate Share of the Net Pension Liability	\$ 929,030,067	\$ 533,054,667	\$ 202,548,855

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

11. Interfund Transactions

Interfund Receivable and Payable Balances

The primary purpose of interfund receivables / payables is to loan monies between funds to cover current expenditures. All interfund receivables / payables are considered short-term and are expected to be repaid within the next year. Individual fund balances due from / to other funds at June 30, 2022, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Due from Enterprise Fund	\$ 47,227	\$ -
Due to Utility Fund	-	-
Innovative Housing:		
Due from General Fund	-	-
Due from Economic Development	3,658	-
Economic Development:		
Due to Innovative Housing	-	3,658
Enterprise Fund:		
Due from General Fund	-	-
Due to General Fund	-	47,227
Total All Funds	\$ 50,885	\$ 50,885

Interfund Transfers

The following is a summary of the operating transfers between funds during the fiscal year ending June 30, 2022.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 56,205
Proprietary Fund	56,205	-
Capital Projects Fund	-	-
Special Revenue Funds:		
Innovative Housing Fund	-	-
Economic Development Fund	-	-
Total All Funds	\$ 56,205	\$ 56,205

Funds were transferred from the General Fund to the Utility Fund to pay for improvements to the Sewer System.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

12. Tax Revenues

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

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

For the year ended June 30, 2022, taxes of 16.21 mills were levied on property with taxable assessed valuations totaling \$9,083,712 and were dedicated to general government (6.21 mills), police protection (5.00 mills), and fire protection (5.00 mills). Current year taxes levied were \$147,040. At June 30, 2022, taxes receivable were \$0 and the allowance for uncollectible ad valorem taxes was \$0.

13. On-Behalf Payments for Salaries and Benefits

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

The State of Louisiana makes supplementary salary payments to certain groups of employees. The Town is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For fiscal year 2022, the state paid supplemental salaries to the police employees of the Town. The Town is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments.

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

	State Supplemental Salaries
Policemen Supplemental Pay	\$ 37,000
Total On-Behalf Payments	\$ 37,000

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2022

14. Commitments and Contingencies

Suits and Claims

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

Risk Management

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

Grants

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

15. Prior Period Adjustment

In accordance with GASB 87, the Town made a prior period entry to adjustment Lease Receivables, Deferred Inflow of Resources and Fund Balance and Net Assets at June 30, 2021. The net effect was an increase in Fund Balance and Net Assets of \$8,996.

Lease Receivables	\$ 170,789	\$ -
Deferred Inflow of Resources	-	161,792
Fund Balance/Net Assets	-	8,997
Totals	<u>\$ 170,789</u>	<u>\$ 170,789</u>

16. Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November ____, 2022.

Required Supplemental Information (Part II)

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2022

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Taxes:				
Sales Taxes	\$ 700,000	\$ 882,870	\$ 898,914	\$ 16,044
Property Taxes	177,200	177,200	179,440	2,240
Pilot Tax	8,600	8,513	8,513	-
Solid Waste Fees	146,000	146,000	144,740	(1,260)
Licenses and Permits	196,400	196,100	186,200	(9,900)
Fines and Forfeitures	138,500	101,100	105,358	4,258
Rental Income	109,400	121,900	113,853	(8,047)
Charges for Services	58,900	60,600	58,195	(2,405)
Intergovernmental	13,600	13,600	5,794	(7,806)
On-Behalf payments from State	54,000	37,000	37,000	-
Grants	132,300	414,813	408,134	(6,679)
Interest Income	700	2,200	5,725	3,525
Total Revenues	1,735,600	2,161,896	2,151,866	(10,030)
Expenditures:				
Current:				
General Government	242,700	339,201	368,130	(28,929)
Municipal Court	23,400	21,200	20,466	734
Public Safety	952,600	808,800	808,492	308
Public Works	250,200	324,600	333,393	(8,793)
Solid Waste	121,900	120,800	122,688	(1,888)
Health and Recreation	28,000	26,400	27,955	(1,555)
Debt Service:	-	-	-	-
Principal	3,700	3,400	5,362	(1,962)
Interest	200	200	284	(84)
Capital Outlay	-	-	98,663	(98,663)
Total Expenditures	1,622,700	1,644,601	1,785,433	(140,832)
Excess (Deficiency) of Revenues Over Expenditures	112,900	517,295	366,433	(150,862)
Other Financing Sources:				
Transfers out	-	(220,000)	(56,205)	163,795
Insurance Reimbursements	-	86,400	103,397	16,997
Sale of Fixed Assets	7,200	-	-	-
Total Other Financing Sources	7,200	(133,600)	47,192	180,792
Change in Fund Balances	120,100	383,695	413,625	29,930
Fund Balances:				
Beginning of the Year,	162,709	162,709	162,709	-
Prior Period Adjustment	-	-	8,997	8,997
Beginning of the Year,	162,709	162,709	171,706	8,997
End of the Year	\$ 282,809	\$ 546,404	\$ 585,331	\$ 38,927

See independent auditor's report.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Innovative Housing Fund
For the Year Ended June 30, 2022

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance - Favorable / (Unfavorable)
Revenues:				
Investment Interest	\$ 4,300	\$ 2,300	\$ 2,486	\$ 186
Other Income	\$ -	\$ -	\$ 8,911	\$ 8,911
Total Revenues	4,300	2,300	11,397	9,097
Expenditures:				
General Government	-	1,000	-	1,000
Total Expenditures	-	1,000	-	1,000
Excess of Revenues over Expenditures	4,300	1,300	11,397	10,097
Other Financing Sources (Uses):				
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balance	4,300	1,300	11,397	10,097
Fund Balance - Beginning of the Year	173,868	173,868	173,868	-
Fund Balance - End of the Year	\$ 178,168	\$ 175,168	\$ 185,265	\$ 10,097

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of the Town's Proportionate Share of the Net Pension Liability –
 Municipal Employees' Retirement System of Louisiana
 For the Year Ended June 30, 2022

Schedule 3-A

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.298167%	\$ 172,731	\$ 286,012	60.39%	79.14%
2021	0.312472%	\$ 283,170	\$ 242,517	116.76%	66.26%
2020	0.356019%	\$ 311,450	\$ 258,128	120.66%	66.14%
2019	0.348529%	\$ 294,797	\$ 272,163	108.32%	65.60%
2018	0.386929%	\$ 334,784	\$ 271,951	123.10%	63.49%
2017	0.521281%	\$ 213,658	\$ 305,452	69.95%	62.11%
2016	0.000000%	\$ -	\$ 93,120	0.00%	66.18%
2015	0.020476%	\$ 52,551	\$ -	0.00%	73.99%
2014	0.014367%	\$ 44,529	\$ 33,979	131.05%	67.97%

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

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of the Town's Proportionate Share of the Net Pension Liability –
 Municipal Police Employees' Retirement System of Louisiana
 For the Year Ended June 30, 2022

Schedule 3-B

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.077705%	\$ 414,210	\$ 262,849	157.58%	84.08%
2021	0.076401%	\$ 706,123	\$ 237,059	297.87%	70.94%
2020	0.070759%	\$ 642,610	\$ 209,810	306.28%	71.00%
2019	0.065900%	\$ 556,455	\$ 220,972	251.82%	71.88%
2018	0.006351%	\$ 554,478	\$ 237,833	233.14%	70.08%
2017	0.054470%	\$ 510,565	\$ 189,602	269.28%	66.00%
2016	0.015900%	\$ 124,560	\$ 152,193	81.84%	70.73%
2015	0.017003%	\$ 106,372	\$ 42,540	250.05%	75.10%
2014	0.025776%	\$ 205,910	\$ 44,071	467.22%	66.71%

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

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of the Town's Contribution –
 Municipal Employees' Retirement System of Louisiana
 For the Year Ended June 30, 2022

Schedule 4-A

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency/Excess</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2022	\$ 41,480	\$ (41,480)	\$ -	\$ 286,012	14.50%
2021	\$ 35,518	\$ (35,518)	\$ -	\$ 242,517	14.65%
2020	\$ 33,886	\$ (33,886)	\$ -	\$ 258,128	13.13%
2019	\$ 38,103	\$ (38,103)	\$ -	\$ 272,164	14.00%
2018	\$ 35,353	\$ (35,353)	\$ -	\$ 271,951	13.00%
2017	\$ 68,476	\$ (68,476)	\$ -	\$ 305,452	22.42%
2016	\$ 18,391	\$ (18,391)	\$ -	\$ 93,120	19.75%
2015	\$ -	\$ -	\$ -	\$ -	0.00%
2014	\$ 6,371	\$ (6,371)	\$ -	\$ 33,979	18.75%

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

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of the Town's Contribution –
 Municipal Police Employees' Retirement System of Louisiana
 For the Year Ended June 30, 2022

Schedule 4-B

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency/Excess	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2022	\$ 76,411	\$ (76,411)	\$ -	\$ 262,849	29.07%
2021	\$ 80,007	\$ (80,007)	\$ -	\$ 237,059	33.75%
2020	\$ 79,720	\$ (79,720)	\$ -	\$ 209,810	38.00%
2019	\$ 71,264	\$ (71,264)	\$ -	\$ 220,974	32.25%
2018	\$ 62,636	\$ (62,636)	\$ -	\$ 203,694	30.75%
2017	\$ 60,248	\$ (60,248)	\$ -	\$ 189,125	31.86%
2016	\$ 44,897	\$ (44,897)	\$ -	\$ 152,193	29.50%
2015	\$ 13,400	\$ (13,400)	\$ -	\$ 42,540	31.50%
2014	\$ 13,662	\$ (13,662)	\$ -	\$ 44,071	31.00%

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

See independent auditor's report.

Other Supplemental Information

Town of Independence, Louisiana
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2022

Schedule 5

	<u>LCDBG Economic Development 1987 Fund</u>	<u>2010 Revenue Bond Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 1,649	\$ -	\$ 1,649
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,649</u>	<u>\$ -</u>	<u>\$ 1,649</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	<u>3,658</u>	<u>-</u>	<u>3,658</u>
Total Liabilities	<u>3,658</u>	<u>-</u>	<u>3,658</u>
 Deferred Inflows of Resources:			
Unearned Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Restricted for Economic Development	<u>(2,009)</u>	<u>-</u>	<u>(2,009)</u>
Total Fund Balances	<u>(2,009)</u>	<u>-</u>	<u>(2,009)</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 1,649</u>	 <u>\$ -</u>	 <u>\$ 1,649</u>

See independent auditor's report.

Town of Independence, Louisiana
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
 Non-Major Governmental Funds
 For the Year Ended June 30, 2022

Schedule 6

	<u>LCDBG Economic Development 1987 Fund</u>	<u>2010 Revenue Bond Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Donations	\$ -	\$ -	\$ -
Rental Income	-	-	-
Investment Interest	<u>6</u>	<u>-</u>	<u>6</u>
Total Revenues	6	-	6
Expenditures:			
General Government:			
Fireworks	-	-	-
Professional Fees	-	-	-
Public Works	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-
Excess of Revenues over Expenditures	5	-	6
Other Financing Sources (Uses):			
Interstate Clearing	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-
Change in Fund Balance	5	-	5
Fund Balances - Beginning of the Year	<u>(2,014)</u>	<u>-</u>	<u>(2,014)</u>
Fund Balances - End of the Year	<u>\$ (2,009)</u>	<u>\$ -</u>	<u>\$ (2,009)</u>

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of Compensation of Paid Elected Officials
 For the Year Ended June 30, 2022

Schedule 7

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Salary</u>	<u>Supplemental Pay</u>
Jim Paine	Mayor	July 1, 2020 June 30, 2024	\$ 21,267	\$ -
Eric Costa	Board of Alderman	July 1, 2020- June 30, 2024	3,600	-
Frank Edwards	Police Chief	July 1, 2020 June 30, 2024	45,572	6,000
Jimmy Gregory	Board of Aldermen	July 1, 2020 - June 30, 2024	3,600	-
Larry Cardaronella	Board of Aldermen	July 1, 2020 - June 30, 2024	3,600	-
Luciano Suarez	Board of Aldermen	July 1, 2020 June 30, 2024	3,600	-
Calvin Batiste	Board of Aldermen	July 1, 2020 - June 30, 2024	1,800	-
Total			<u>\$ 83,039</u>	<u>\$ 6,000</u>

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of Compensation, Benefits, and Other Payments to Agency Head
 For the Year Ended June 30, 2022

Schedule 8

Agency Head: Honorable Jim Paine, Mayor

Purpose	Amount
Salary	\$ 23,089
Benefits - Health Insurance	-
Benefits - Other Insurance	-
Social Security & Medicare	1,766
Benefits - Retirement	3,579
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Mayor Meetings	-
	\$ 28,434

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of Insurance Coverage in Force
 For the Year Ended June 30, 2022

Schedule 9

<u>Insurance Company</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Landmark American	Buildings	2,722,056	4/11/2023
	Contents	391,867	4/11/2023
	Pumping Equipment	59,136	4/11/2023
	Sewer Treatment Plant	600,000	4/11/2023
	Fence	113,190	4/11/2023
Rod Prejean & Associates	Equipment	209,229	7/18/2023
	Errors & Omissions	100,000	5/7/2023
	Vehicle Liability	4,130	5/14/2023
Powell & Associates, Inc.	Equipment	16,468	4/11/2023
	Flood Insurance	1,187	5/8/2023

See independent auditor's report.

Town of Independence, Louisiana
Water and Sewer Rate Schedule
 June 30, 2022

Schedule 10

<u>Customer Type</u>	<u>Number</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>	<u>Fire</u>	<u>Police</u>	<u>DHH</u>
Residential	699			15.73	3.50	2.50	1.00
0-5,000 GL		24.00	21.00				
Over 5,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Commercial	62			15.73	3.50	2.50	1.00
0-2,500 GL		33.00	32.00				
2,501-5,000 GL		66.00	64.00				
Over 5,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Schools	5			-	3.50	2.50	1.00
0 - 4,000 GL		256.00	253.00				
Over 4,000 GL		4.00 / 1,000 GL	4.00 / 1,000 GL				
Major Commercial/Industrial	1			-	-	-	1.00
0 - 50,000 GL		750.00	500.00				
Over 50,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Church	18			15.73	3.50	2.50	1.00
0 - 4,000 GL		24.00	21.00				
Over 4,000 GL		3.00 / 1,000 GL	3.00 / 1,000 GL				
Total	<u>785</u>						

See independent auditor's report.

Town of Independence, Louisiana
 Schedule of Water and Sewer Information
 June 30, 2022

Schedule 11

Accounts Receivable:

As of June 30, 2022, accounts receivable from water and sewer billings were as follows:

Water, Sewer, Garbage, Fire & Police Receivable	
Total Per Billing System	\$ 106,798
Allowance for Doubtful Accounts	(24,200)
	\$ 82,598

Schedule of Aged Receivables

Balance	Current	30 Days	60 Days	Over 60 Days
\$ 106,798	\$ 96,083	\$ 9,305	\$ 695	\$ 714

Water and Sewer Users

As of June 30, 2022, water and sewer users were composed of the following:

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

See independent auditor's report.

Town of Independence, Louisiana
Schedule of Justice System Funding – Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2022

Schedule 12

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected(I.E. cash on hand)	\$ 1,069	\$ 177
Add: Collections		
Other (do not include collections that fit into more specific categories above)	<u>49,746</u>	<u>54,086</u>
Subtotal Collections	<u>49,746</u>	<u>54,086</u>
Less: Disbursements to Governments & Nonprofits:		
Treasury State of Louisiana CMIS		
DHH Traumatic Head & Spinal Cord Injury Trust	425	510
Judicial Administration, Supreme Court of LA	105	118
Louisiana Commission on Law Enforcement	420	464
Florida Parishes Juvenile Justice Commission	1,045	1,185
Tangipahoa Crime Stoppers	368	724
Less: Amount Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Other	48,275	51,039
Less: Disbursements to Individual/3rd Party Collection or Processing Agencies		
	<u>-</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>50,638</u>	<u>54,040</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 177</u>	<u>\$ 223</u>

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

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

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiency.

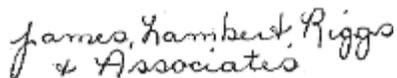
The Honorable Jim Paine, Mayor
and Members of the Board of Aldermen
Town of Independence, Louisiana

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

November 10, 2022

Town of Independence, Louisiana
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Independence's basic financial statements, and have issued our report thereon dated November 10, 2022. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I – Summary of Auditor's Reports

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

Internal Control:

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

Compliance:

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

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

Internal Control over Financial Reporting

None

Compliance and Other Matters

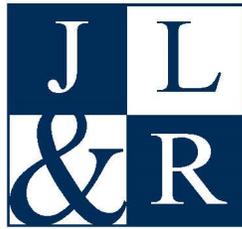
None

Town of Independence, Louisiana
 Schedule of Prior Findings and Questioned Costs
 For the Year Ended June 30, 2022

<u>Ref.#</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>
<u>Internal Control Findings</u>			
None			
<u>Compliance Findings</u>			
2021-001	Local Government Budget Act Compliance	Resolved	
2021-002	\$2,632,000 Sewer Revenue Bond Series 2015 Covenant Compliance	Resolved	

TOWN OF INDEPENDENCE, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2022

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan E. Lynch, CPA
B. Jacob Steib, CPA



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


Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Town of Independence (the "Town")'s management is responsible for those C/C areas identified in the SAUPs.

The Town of Independence has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are detailed in Schedule "A".

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

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

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

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana
November 10, 2022

Written Policies and Procedures

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Results:** The Town has a policy on ethics; however, the policy did not address (2) actions to be taken in case an ethics violation takes place; (3) a system to monitor possible ethics violations; and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **Results:** The Town has a policy on debt service; however, the policy did not address (1) debt issuance approval; (2) continuing disclosure/EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- **Results:** The Town does not have a written policy regarding information technology disaster recovery/business continuity.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- **Results:** The Town has a policy on sexual harassment; however, the policy did not address (2) annual employee training or (3) annual reporting.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- **Results:** No exceptions were noted as a result for the above listed procedures.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - **Results:** Of the five bank reconciliations selected, it was noted that the bank reconciliation reports were not reviewed. Only the bank statements were reviewed, of which only three of the five selected had evidence of review.
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
 - **Results:** Of the five bank reconciliations selected, two had outstanding items that have been outstanding for more than 12 months, with no evidence or documentation they have been researched.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- **Results:** No exceptions were noted as a result for the above listed procedures.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- **Results:** No exceptions were noted as a result for the above listed procedures.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- **Results:** No exceptions were noted as a result for the above listed procedures.
- e) Trace the actual deposit per the bank statement to the general ledger.
- **Results:** No exceptions were noted as a result for the above listed procedures.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - **Results:** The two employees responsible for processing payments are not prohibited from adding or modifying vendor files and there is no system in place to monitor or approve these vendor changes.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - **Results:** Of the five selected cards, it was noted that one credit card is not being reviewed by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
 - **Results:** Of the five selected cards, one credit card was unable to be observed for finance charges and late fees.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.
- **Results:** Of the five selected cards, one credit card was unable to be observed for supporting documentation.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - **Results:** Of the five reimbursements selected, two did not have any documentation on the form as to the business/public purpose.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- **Results:** Of the five reimbursements selected, none of the documentations had the supervisor's signature for approval.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- **Results:** No exceptions were noted as a result for the above listed procedures.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- **Results:** No exceptions were noted as a result for the above listed procedures.
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- **Results:** No exceptions were noted as a result for the above listed procedures.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.
- **Results:** No exceptions were noted as a result for the above listed procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- **Results:** No exceptions were noted as a result for the above listed procedures.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- **Results:** No exceptions were noted as a result for the above listed procedures.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
- **Results:** No exceptions were noted as a result for the above listed procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - **Results:** No exceptions were noted as a result for the above listed procedures.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
 - **Results:** No exceptions were noted as a result for the above listed procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

- **Results:** No exceptions were noted as a result for the above listed procedures.

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

- **Results:** No exceptions were noted as a result for the above listed procedures.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

- **Results:** No exceptions were noted as a result for the above listed procedures.

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

- **Results:** No exceptions were noted as a result for the above listed procedures.

Information Technology Disaster Recovery/Business Continuity

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

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

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

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management

demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

- **Results:** No exceptions were noted as a result for the above listed procedures.

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

- **Results:** No exceptions were noted as a result for the above listed procedures.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

- **Results:** The Town did not have an annual sexual harassment report for the fiscal period.

b) Number of sexual harassment complaints received by the agency;

- **Results:** The Town did not have an annual sexual harassment report for the fiscal period.

c) Number of complaints which resulted in a finding that sexual harassment occurred;

- **Results:** The Town did not have an annual sexual harassment report for the fiscal period.

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

- **Results:** The Town did not have an annual sexual harassment report for the fiscal period.

e) Amount of time it took to resolve each complaint.

- **Results:** The Town did not have an annual sexual harassment report for the fiscal period.

Town of Independence

Mayor Jim Paine

ROBIN DAGRO
Town Clerk

JORDIN HINES
Assistant Clerk



Post Office Box 35
Independence, Louisiana 70443

FRANK EDWARDS III
Chief of Police

LUKE SUAREZ
Mayor Pro-Tem

Aldermen
EVELYN MITCHELL
JIMMY GREGORY JR.
LARRY CARDARONELLA
ERIC COSTA

November 14, 2022

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

This letter is in response to the Fiscal Audit for the Town of Independence for the fiscal year ending June 30, 2022. The town staff will continue to work closely with the Board of Aldermen and Town CPA Phil Hebert, to ensure all policies and procedures are adhered to and implemented correctly.

Sincerely,



Jim Paine
Mayor

City Hall: 985-878-4145

Fax: 985-878-4568

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