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Report Highlights

Town of Independence

Audit Control # 50140040
Investigative Audit Services • August 2015

Why We Conducted This Audit

This audit was initiated when the contract accountant for the Town of Independence (Town) discovered that utility payments made to the Town were not deposited in the Town's bank account. The Legislative Auditor was asked to review available records to determine the amount of cash and checks collected by the Town but not deposited in the Town's account. The Town's external auditor reported the amount of cash and checks determined to be missing in the Town's financial audit report. During our audit, other matters and transactions came to our attention, and we expanded our scope to address them.

What We Found

Utility Payments Not Deposited

Town records indicate that from June 1, 2014 through December 31, 2014, utility payments totaling \$4,242 were received and/or recorded as received, but not deposited into the Town's bank account. Both clerks responsible for handling utility collections denied taking any of the missing funds. By failing to properly document, record, and deposit all monies collected, these employees may have violated state law.

Town Failed to Enroll Eligible Employees in Retirement Systems

The Town has consistently failed to enroll eligible employees in the Municipal Employees Retirement System (MERS) and the Municipal Police Employees Retirement System (MPERS). From January 2013 to December 2014, we identified 45 eligible employees who were not enrolled in these retirement systems. Had these employees been properly enrolled in MERS and MPERS during this time period, the Town would have been required to remit retirement contributions totaling \$298,402 to these retirement systems. By failing to enroll and remit retirement contributions to MERS and MPERS for eligible employees, Town management may have violated state law.

Town Billed Reduced Utility Rates to Mayor's Son

Records indicate that the Town improperly billed reduced utility rates for Tim Ragusa, Mayor Michael Ragusa's son, from June 2013 to December 2014. The reduced rates decreased the amount that Tim Ragusa owed the Town by \$1,155. Former Town employees responsible for utility billing stated that Mayor Ragusa instructed them to reduce Tim Ragusa's utility rates. By failing to charge the appropriate rates, Town management may have violated the Louisiana Constitution which prohibits the donation of public funds.

Town Failed to Report Mayor's Vehicle Allowance as Income

The Town did not report Mayor Ragusa's vehicle allowance as income as required by the Internal Revenue Service.

View the full report, including management's response, at www.la.gov.