

TOWN OF INDEPENDENCE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

Town of Independence, Louisiana
Annual Financial Statements
Fiscal Year Ended June 30, 2007
With Supplemental Information Schedules
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October 24, 2007

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Independence, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's non-major governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 as well as the aggregate non-major governmental funds of the Town of Independence, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Town of Independence, Louisiana, as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2007, on our consideration of the Town of Independence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control and financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 8 and the Required Supplemental Information in Schedules 1 - 4 on pages 46 - 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Independence, Louisiana's basic financial statements. The accompanying financial information, except for the Schedule of Insurance Coverage in Force (unaudited), listed in the Table of Contents as Supplementary Schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Independence, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Insurance Coverage in Force (unaudited) has not been subjected to auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Management's Discussion and Analysis

Town of Independence, Louisiana
Management's Discussion and Analysis
June 30, 2007

As management of the Town of Independence, Louisiana ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. This management's discussion and analysis ("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 intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and 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 (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

- Total assets for the year were \$7,517,350 at June 30, 2007, and exceeded liabilities in the amount of \$6,450,729 (i.e., net assets). Of the total net assets, \$1,802,242 was unrestricted and available to support short-term operations, \$3,752,731 invested in capital assets, with the balance reserved for debt service and economic development.
- The Town's total revenues for the year increased from the prior year by 20.57%, from \$1,645,817 to \$1,984,370. The primary source of this increase is due to a large insurance recovery payment from the destruction of a Head Start Building owned by the Town. Construction to rebuild the Head Start Building has not begun as of the date of this report.
- Expenditures for the year were consistent with prior year amounts. Total expenditures decreased by \$29,819 from the prior year, from \$1,539,309 to \$1,509,490.

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Town's financial condition and performance.

The financial statements report information on the Town using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the Town's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Town and assessing the liquidity and financial flexibility of the Town.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the Town's operations in a format that can be used to determine if the Town has recovered its costs through user fees and other charges.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Town's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the Town, and schedules detailing audit findings and management response.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2007

Government-Wide Financial Analysis

The purpose of financial analysis is to help determine whether the Town is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets and the Statement of Activities, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Town. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Assets

	<u>2007</u>	<u>2006</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 2,783,738	\$ 2,354,286	\$ 429,452	18.24%
Capital Assets	4,733,612	4,739,421	(5,809)	-0.12%
Total Assets	<u>\$ 7,517,350</u>	<u>\$ 7,093,707</u>	<u>\$ 423,643</u>	<u>5.97%</u>
Liabilities				
Current Liabilities	\$ 85,740	\$ 61,920	\$ 23,820	38.47%
Long-Term Debt	980,881	1,055,938	(75,057)	-7.11%
Total Liabilities	<u>\$ 1,066,621</u>	<u>\$ 1,117,858</u>	<u>\$ (51,237)</u>	<u>-4.58%</u>
Net Assets				
Invested in Capital Assets	\$ 3,752,731	\$ 3,683,483	\$ 69,248	1.88%
Restricted for Debt Service	202,956	186,353	16,603	8.91%
Restricted for Development	692,800	670,962	21,838	3.25%
Unrestricted Net Assets	1,802,242	1,435,051	367,191	25.59%
Total Net Assets	<u>\$ 6,450,729</u>	<u>\$ 5,975,849</u>	<u>\$ 474,880</u>	<u>7.95%</u>

The Town's assets exceeded its liabilities at the close of the most recent fiscal year by \$6,450,729 (net assets). Of this amount, \$1,802,242 are unrestricted net assets. The Town's net assets are comprised of \$3,268,764 from Governmental Activities and \$3,181,965 from Business-Type Activities as shown on Exhibit A.

By far the largest portion of the Town's net assets (58.18 percent) reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, Town 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 assets (13.89 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,802,242) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2007

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Condensed Statement of Activities

	<u>2007</u>	<u>2006</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 420,132	\$ 450,634	\$ (30,502)	-6.77%
Grants	211,592	161,949	49,643	30.65%
General Revenues:				
Taxes	885,660	811,580	74,080	9.13%
Other	466,986	221,654	245,332	110.68%
Total Revenues	<u>\$ 1,984,370</u>	<u>\$ 1,645,817</u>	<u>\$ 338,553</u>	<u>20.57%</u>
Expenses:				
Governmental Activities	\$ 1,036,569	\$ 1,063,381	\$ (26,812)	-2.52%
Business-Type Activities	472,921	475,928	(3,007)	-0.63%
Total Expenses	<u>\$ 1,509,490</u>	<u>\$ 1,539,309</u>	<u>\$ (29,819)</u>	<u>-1.94%</u>
Change in Net Assets	\$ 474,880	\$ 106,508	\$ 368,372	345.86%
Net Assets, Beginning of the Year	<u>\$ 5,975,849</u>	<u>\$ 5,869,341</u>	<u>\$ 106,508</u>	<u>1.81%</u>
Net Assets, End of the Year	<u>\$ 6,450,729</u>	<u>\$ 5,975,849</u>	<u>\$ 474,880</u>	<u>7.95%</u>

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of how the Town is being conservatively managed. Total "Program Revenues" increased by \$19,141 (3.13%). General Revenues, consisting of taxes, occupational licenses, interest income and other revenues, increased by \$319,412 reflecting primarily a one-time impairment gain on the Town's Head Start Building of \$231,228. Total expenses decreased by \$29,819 from the prior fiscal year. Overall, the Town showed an income of \$474,880 for the fiscal year ended June 30, 2007, as compared to an income of \$106,508 for the fiscal year ended June 30, 2006.

Budgetary Highlights

The Town adopts an annual operating budget in accordance with the appropriate provisions of Louisiana laws. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the Town. The operating budget is adopted before the end of the prior fiscal year, and is amended after a review of monthly budget-to-actual financial reports, by approval of the Board of Aldermen. A summary of the approved budget for the Town's General Fund is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as part of the basic financial statements, a more detailed schedule is also presented in Schedule 1 as supplementary information, following the footnotes to the financial statements.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2007

	Final Amended Budget for June 30, 2007	Actual for June 30, 2007	Favorable (Unfavorable) Variance
Revenues:			
Taxes - Ad Valorem	\$ 117,000	\$ 140,217	\$ 23,217
Licenses and Permits	142,200	204,266	62,066
Intergovernmental	62,350	66,226	3,876
Fines and Forfeitures	25,000	34,157	9,157
Solid Waste	82,500	87,010	4,510
On-behalf Payments by State	32,400	26,390	(6,010)
Miscellaneous	15,700	25,066	9,366
Total Revenues	477,150	583,332	106,182
Expenditures:			
Current:			
General Government	254,892	253,609	1,283
Public Safety - Fire	142,216	139,434	2,782
Public Safety - Police	253,576	240,143	13,433
Streets and Parks	199,640	192,027	7,613
Solid Waste	97,500	89,746	7,754
Other	5,000	4,361	639
Capital Outlay	507,070	111,974	395,096
Total Expenditures	1,459,894	1,031,294	428,600
Other Financing Sources (Uses):			
Insurance Recovery	300,652	300,632	(20)
Sales Tax Fund (1966)	235,000	235,000	-
Sales Tax Fund (1982)	190,000	130,000	(60,000)
Water and Sewer Fund	49,400	50,353	953
Loan from Innovative Housing Fund	(4,800)	(2,600)	2,200
Total Other Financing Sources (Uses)	770,252	713,385	(56,867)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (212,492)	\$ 265,423	\$ 477,915

Collections of "Ad Valorem Taxes" exceeded budgeted amounts by \$23,217, or approximately 20% for each of the Town's millage rates. This was due primarily to an increase in the number of property owners in the Town following the aftermath of Hurricane Katrina. "Licenses and Permits" exceeded budgeted amounts due to large increases in Occupational Licenses and Public Utility Franchise Fees received during the year. "Capital Outlay" was under budget at the end of the year due to a fire at the Head Start Building in Town. Insurance proceeds were received from the damage, as shown above, but reconstruction had not yet begun as of the end of the year. Overall activity for the year exceeded budgeted projections by \$477,915.

Town of Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2007

Supplemental Information

Combining statements of the non-major Governmental Funds (LCDBG Economic Development Fund, Certificates of Indebtedness Series 2000, and Sales Tax Refunding Bonds Series 1994) have been provided on Schedule 5 and Schedule 6.

Capital Asset and Debt Administration

1. Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2007 amounts to \$4,733,612 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Additional information on the Town's capital assets can be found in Note 5 of this report.

2. Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$980,881. Of this amount, \$84,000 comprises debt backed by a pledge of the excess revenues of the General Fund, \$25,000 payable from a pledge of the Town's 1982 1% Sales and Use Tax, and \$871,881 payable from a pledge of the Town's sewer revenues.

The Town's total debt decreased \$75,058 during the current fiscal year. Total principal payments were made on debt in the amount of \$75,058.

Additional information on the Town's long-term debt can be found in Note 8 of this report.

Future Economic Factors and Next Year's Budget

As noted in the government activities section above, sales taxes were the Town's largest revenue source. For fiscal year ending June 30, 2008, there was a budgeted revenue increase in sales tax over the June 30, 2007 fiscal year as a result of increased sales tax collections over the prior year.

At the present time, local governments are experiencing continuing increases in the cost of their share of employee retirement. Nationwide, most public employee retirement systems share this problem. Although municipal retirement and police retirement rates are not expected to increase during the next fiscal year, the rates continue to be at very high levels.

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 government'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

Town of Independence, Louisiana
Statement of Net Assets
June 30, 2007
(With Comparative Totals as of June 30, 2006)

Exhibit A

	<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>	
	<u>Activities</u>	<u>Activities</u>	<u>2007</u>	<u>2006</u>
Assets				
Cash & Cash Equivalents	\$ 1,016,965	\$ 324,028	\$ 1,340,993	\$ 945,909
Investments	644,437	35,225	679,662	652,657
Receivables, Net	499,196	62,084	561,280	575,887
Due from Other Governments	1,131	-	1,131	1,247
Internal Balances	58,582	(58,582)	-	-
Prepaid Insurance	5,745	-	5,745	965
Restricted Cash and				
Cash Equivalents	-	125,233	125,233	110,867
Restricted Investments	-	69,694	69,694	66,754
Capital Assets, Net	<u>1,201,838</u>	<u>3,531,774</u>	<u>4,733,612</u>	<u>4,739,421</u>
Total Assets	<u>\$ 3,427,894</u>	<u>\$ 4,089,456</u>	<u>\$ 7,517,350</u>	<u>\$ 7,093,707</u>
Liabilities				
Accounts Payable	\$ 37,455	\$ 115	\$ 37,570	\$ 8,760
Accrued Liabilities	12,675	-	12,675	22,430
Utility Deposits	-	35,495	35,495	30,730
Current Portion of				
Long-Term Obligations	66,000	13,551	79,551	75,058
Non-Current Portion of				
Long-Term Obligations	<u>43,000</u>	<u>858,330</u>	<u>901,330</u>	<u>980,880</u>
Total Liabilities	<u>\$ 159,130</u>	<u>\$ 907,491</u>	<u>\$ 1,066,621</u>	<u>\$ 1,117,858</u>
Net Assets				
Invested in Capital Assets,				
Net of Related Debt	\$ 1,092,838	\$ 2,659,893	\$ 3,752,731	\$ 3,683,483
Restricted for Debt Service	57,075	145,881	202,956	186,353
Restricted for Development	692,800	-	692,800	670,962
Unrestricted	<u>1,426,051</u>	<u>376,191</u>	<u>1,802,242</u>	<u>1,435,051</u>
Total Net Assets	<u>\$ 3,268,764</u>	<u>\$ 3,181,965</u>	<u>\$ 6,450,729</u>	<u>\$ 5,975,849</u>

The accompanying notes are an integral part of this statement.

Exhibit B
Town of Independence, Louisiana
Statement of Activities
For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

Functions / Programs	Program Revenues					Net (Expense) Revenue 2007	Net (Expense) Revenue 2006
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
General Government	\$ 274,673	\$ 2,097	\$ 54,450	\$ -	\$ -	\$ (218,126)	\$ (223,145)
Public Safety	397,609	34,157	34,146	-	-	(329,306)	(276,204)
Streets and Parks	262,257	-	-	-	-	(262,257)	(224,679)
Solid Waste	89,746	87,010	-	-	-	(2,736)	(13,817)
Other	4,361	-	-	-	-	(4,361)	(4,090)
Interest on Long-Term Debt	7,923	-	-	-	-	(7,923)	(11,261)
Total Governmental Activities	\$ 1,036,569	\$ 123,264	\$ 88,596	\$ -	\$ -	\$ (824,709)	\$ (753,196)
Business-Type Activities:							
Water	\$ 184,569	\$ 150,823	\$ -	\$ 25,000	\$ -	\$ (8,746)	\$ (1,316)
Sewer	288,352	146,045	-	97,996	-	(44,311)	(172,214)
Total Business-Type Activities	\$ 472,921	\$ 296,868	\$ -	\$ 122,996	\$ -	\$ (53,057)	\$ (173,530)
Total Primary Government	\$ 1,509,490	\$ 420,132	\$ 88,596	\$ 122,996	\$ -	\$ (877,766)	\$ (926,726)

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Activities (Continued)
For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

Exhibit B
(Continued)

	<u>Governmental</u>	<u>Business-</u>	<u>Totals</u>	
	<u>Activities</u>	<u>Type</u>	<u>2007</u>	<u>2006</u>
	<u>Activities</u>	<u>Activities</u>	<u>2007</u>	<u>2006</u>
Changes in Net Assets:				
Net (Expense) Revenue	\$ (824,709)	\$ (53,057)	\$ (877,766)	\$ (926,726)
General Revenues:				
Taxes:				
Property Taxes	\$ 140,217	\$ -	\$ 140,217	\$ 133,764
Franchise Taxes	70,876	-	70,876	52,996
Sales Taxes	536,360	134,187	670,547	620,230
Alcoholic Beverage Tax	4,020	-	4,020	4,590
Occupational Licenses	131,293	-	131,293	109,297
Rental Income	9,200	-	9,200	25,200
Investment Earnings	68,229	21,727	89,956	66,481
Transfers	30,353	(30,353)	-	-
Impairment Gain on Head Start				
Building (Net of Insurance Recovery)	231,228	-	231,228	-
Miscellaneous	5,198	111	5,309	20,676
Total General Revenues and				
Transfers	<u>\$ 1,226,974</u>	<u>\$ 125,672</u>	<u>\$ 1,352,646</u>	<u>\$ 1,033,234</u>
Change in Net Assets	\$ 402,265	\$ 72,615	\$ 474,880	\$ 106,508
Net Assets - Beginning of the Year	<u>\$ 2,866,499</u>	<u>\$ 3,109,350</u>	<u>\$ 5,975,849</u>	<u>\$ 5,869,341</u>
Net Assets - End of the Year	<u>\$ 3,268,764</u>	<u>\$ 3,181,965</u>	<u>\$ 6,450,729</u>	<u>\$ 5,975,849</u>

The accompanying notes are an integral part of this statement.

Exhibit C

Town of Independence, Louisiana

Balance Sheet

Governmental Funds

June 30, 2007

(With Comparative Totals as of June 30, 2006)

	1% Sales Tax (1966)		1% Sales Tax (1982)		Innovative Housing		Non-Major Funds		Total Governmental Funds	
	General Fund								2007	2006
Assets										
Cash	\$ 407,354	\$ 243,599	\$ 239,588	\$ 64,774	\$ 61,650	\$ 1,016,965	\$ 665,540			
Investments	87,827	116,162	169,790	208,017	62,641	644,437	618,866			
Receivables, Net	30	-	-	-	-	30	30			
Ad Valorem Taxes	24,032	-	-	-	-	24,032	11,636			
Franchise Taxes	-	49,190	49,190	-	-	98,380	92,370			
Sales Taxes	-	-	-	367,456	-	367,456	411,130			
Notes	6,221	526	632	1,222	697	9,298	9,556			
Other Receivables	1,131	-	-	-	-	1,131	1,247			
Due from Other Governmental Units	126,779	-	-	18,191	-	144,970	89,078			
Due from Other Funds	-	-	-	74,400	-	74,400	77,000			
Advances to Other Funds	-	-	-	-	-	-	-			
Total Assets	\$ 653,374	\$ 409,477	\$ 459,200	\$ 734,060	\$ 124,988	\$ 2,381,099	\$ 1,976,453			
Liabilities and Fund Balances										
Liabilities										
Accounts Payable	\$ 35,974	\$ -	\$ -	\$ -	\$ -	\$ 35,974	\$ 6,289			
Accrued Employee Leave	12,540	-	-	-	-	12,540	22,140			
Due to Other Funds	36,107	-	15,643	33,782	856	86,388	94,200			
Advance from Other Funds	74,400	-	-	-	-	74,400	77,000			
Payroll Taxes Payable	845	-	-	-	-	845	309			
Sales Tax Collection Fee Payable	-	318	318	-	-	636	596			
Total Liabilities	\$ 159,866	\$ 318	\$ 15,961	\$ 33,782	\$ 856	\$ 210,783	\$ 200,534			
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 57,210	\$ 57,210	\$ 52,810			
Reserved for Debt Service	-	-	-	74,400	-	74,400	77,000			
Reserved for Advances to Other Funds	-	-	-	625,878	66,922	692,800	670,962			
Reserved for Development	-	-	-	-	-	-	975,147			
Unreserved - Undesignated	493,508	409,159	443,239	-	-	1,345,906	975,147			
Total Fund Balances	\$ 493,508	\$ 409,159	\$ 443,239	\$ 700,278	\$ 124,132	\$ 2,170,316	\$ 1,775,919			
Total Liabilities and Fund Balances	\$ 653,374	\$ 409,477	\$ 459,200	\$ 734,060	\$ 124,988	\$ 2,381,099	\$ 1,976,453			

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 For the Year Ended June 30, 2007
 (With Comparative Totals for the Year Ended June 30, 2006)

Exhibit C-1

	<u>2007</u>	<u>2006</u>
Fund Balances - Total Governmental Funds (Exhibit C)	\$ 2,170,316	\$ 1,775,919
 Amounts reported for governmental activities in the statement of net assets 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	3,539,288	3,552,597
Less: Accumulated Depreciation	(2,337,450)	(2,291,692)
 Prepaid insurance is not accrued and is therefore not reported in the governmental funds.		
Current Year Prepaid Insurance	5,745	965
 Accrued interest on long-term debt is not accrued and is therefore not reported in the governmental funds.		
Current Year Accrued Interest	(135)	(290)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificate of Obligation	(84,000)	(123,000)
Sales Tax Refunding Bonds	<u>(25,000)</u>	<u>(48,000)</u>
 Net Assets of Governmental Activities (Exhibit A)	 <u>\$ 3,268,764</u>	 <u>\$ 2,866,499</u>

The accompanying notes are an integral part of this statement.

Exhibit D

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

	General Fund	1% Sales Tax (1966)	1% Sales Tax (1982)	Innovative Housing	Non-Major Funds	Total Governmental Funds	
						2007	2006
Revenues:							
Taxes	\$ 140,217	\$ 268,180	\$ 268,180	\$ -	\$ -	\$ 676,577	\$ 629,948
Licenses and Permits	204,266	-	-	-	-	204,266	166,035
Intergovernmental	66,226	-	-	-	-	66,226	121,269
Fines and Forfeitures	34,157	-	-	-	-	34,157	70,393
Solid Waste	87,010	-	-	-	-	87,010	83,601
On Behalf Payments by State	26,390	-	-	-	-	26,390	35,770
Miscellaneous	25,066	15,141	16,818	18,854	6,748	82,627	93,992
Total Revenues	\$ 583,332	\$ 283,321	\$ 284,998	\$ 18,854	\$ 6,748	\$ 1,177,253	\$ 1,201,008

Expenditures:

Current:							
General Government	\$ 253,609	\$ 4,732	\$ 4,732	\$ 3,005	\$ -	\$ 266,078	\$ 239,924
Public Safety	379,577	-	-	-	-	379,577	378,190
Streets and Parks	192,027	-	-	-	-	192,027	157,618
Solid Waste	89,746	-	-	-	-	89,746	97,418
Other	4,361	-	-	-	-	4,361	84,837
Capital Outlay	111,974	-	-	-	-	111,974	7,400
Debt Service:							
Principal	-	-	-	-	62,000	62,000	58,000
Interest	-	-	-	-	8,078	8,078	11,285
Total Expenditures	\$ 1,031,294	\$ 4,732	\$ 4,732	\$ 3,005	\$ 70,078	\$ 1,113,841	\$ 1,034,672

Excess (Deficiency) of Revenues Over Expenditures

	\$ (447,962)	\$ 278,589	\$ 280,266	\$ 15,849	\$ (63,330)	\$ 63,412	\$ 166,336
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Exhibit D
(Continued)

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

	General Fund	1% Sales Tax (1966)	1% Sales Tax (1982)	Innovative Housing	Non-Major Funds	Total Governmental Funds
						2007
						2006
Other Financing Sources (Uses):						
Insurance Recovery -						
Head Start Building	\$ 300,632	\$ -	\$ -	\$ -	\$ -	\$ 300,632
Transfers In	415,353	-	-	-	71,119	486,472
Transfers Out	-	(235,000)	(221,119)	-	-	(456,119)
Total Other Financing Sources (Uses)	\$ 715,985	\$ (235,000)	\$ (221,119)	\$ -	\$ 71,119	\$ 330,985
						\$ 50,141
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 268,023	\$ 43,589	\$ 59,147	\$ 15,849	\$ 7,789	\$ 394,397
						\$ 216,477
Fund Balance - Beginning of the Year	\$ 225,485	\$ 365,570	\$ 384,092	\$ 684,429	\$ 116,343	\$ 1,775,919
						\$ 1,559,442
Fund Balance - End of the Year	\$ 493,508	\$ 409,159	\$ 443,239	\$ 700,278	\$ 124,132	\$ 2,170,316
						\$ 1,775,919

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 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2007
 (With Comparative Totals for the Year Ended June 30, 2006)

Exhibit D-1

	<u>2007</u>	<u>2006</u>
Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ 394,397	\$ 216,477

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 exceeded capital outlay in the current period.

Depreciation Expense	(101,637)	(91,455)
Capital Outlay	111,974	7,400

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

	(69,404)	-
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Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net assets as prepaid insurance.

Prior Year Prepaid Insurance	(965)	(3,643)
Current Year Prepaid Insurance	5,745	965

Governmental funds expense interest payments on long-term debt when paid. In the statement of activities, the total interest applicable to the current year is expensed. As a result, accrued interest is expensed in the statement of activities.

Prior Year Accrued Interest	290	314
Current Year Accrued Interest	(135)	(290)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Proceeds	-	-
Repayments	62,000	58,000
Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ 402,265</u>	<u>\$ 187,768</u>

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Net Assets
Proprietary Funds
June 30, 2007
(With Comparative Totals as of June 30, 2006)

Exhibit E

Assets	Business-Type Activities -		Totals	
	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>2007</u>	<u>2006</u>
Current Assets:				
Cash	\$ 88,958	\$ 235,070	\$ 324,028	\$ 280,369
Investments	35,225	-	35,225	33,791
Receivables:				
Accounts Receivable, Net	31,576	5,257	36,833	27,386
Accrued Interest Receivable	379	277	656	687
Sales Tax Receivable	-	24,595	24,595	23,092
Due from Other Funds	17,916	20,987	38,903	44,115
Total Current Assets	<u>\$ 174,054</u>	<u>\$ 286,186</u>	<u>\$ 460,240</u>	<u>\$ 409,440</u>
Restricted Assets:				
Cash - \$975,000 Revenue Bond Debt				
Service and Contingency Account	\$ -	\$ 89,738	\$ 89,738	\$ 80,137
Investments - \$975,000 Revenue Bond				
Debt Service and Contingency	-	69,694	69,694	66,754
Cash - Utility Customer - Deposit Account	35,495	-	35,495	30,730
Total Restricted Assets	<u>\$ 35,495</u>	<u>\$ 159,432</u>	<u>\$ 194,927</u>	<u>\$ 177,621</u>
Plant and Equipment, at Cost	\$ 1,829,983	\$ 3,802,740	\$ 5,632,723	\$ 5,456,552
Less: Accumulated Depreciation	890,579	1,210,370	2,100,949	1,978,036
Plant and Equipment, Net	<u>\$ 939,404</u>	<u>\$ 2,592,370</u>	<u>\$ 3,531,774</u>	<u>\$ 3,478,516</u>
Total Assets	<u>\$ 1,148,953</u>	<u>\$ 3,037,988</u>	<u>\$ 4,186,941</u>	<u>\$ 4,065,577</u>

(Continued)

Town of Independence, Louisiana
Statement of Net Assets
Proprietary Funds
June 30, 2007
(With Comparative Totals as of June 30, 2006)

Exhibit E
(Continued)

	Business-Type Activities -		Totals	
	Enterprise Funds			
	Water	Sewer	2007	2006
Liabilities and Net Assets				
Liabilities:				
Current Liabilities (Payable from				
Current Assets):				
Accounts Payable	\$ (44)	\$ -	\$ (44)	\$ 1,417
Due to Other Funds	70,496	26,989	97,485	38,993
Sales Tax Collection Fee Payable	-	159	159	149
Total Current Liabilities			159	149
(Payable from Current Assets)	\$ 70,452	\$ 27,148	\$ 97,600	\$ 40,559
Current Liabilities (Payable from				
Restricted Assets):				
Revenue Bonds Payable	\$ -	\$ 13,551	\$ 13,551	\$ 13,058
Utility Customer Deposits	35,495	-	35,495	30,730
Total Current Liabilities			35,495	30,730
(Payable from Restricted Assets)	\$ 35,495	\$ 13,551	\$ 49,046	\$ 43,788
Long-Term Liabilities:				
Revenue Bonds Payable	\$ -	\$ 858,330	\$ 858,330	\$ 871,880
Total Long-Term Liabilities	\$ -	\$ 858,330	\$ 858,330	\$ 871,880
Total Liabilities	\$ 105,947	\$ 899,029	\$ 1,004,976	\$ 956,227
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 939,404	\$ 1,720,489	\$ 2,659,893	\$ 2,593,578
Reserved for Revenue Bond Retirement	-	145,881	145,881	133,833
Unreserved - Undesignated	103,602	272,589	376,191	381,939
Total Net Assets	\$ 1,043,006	\$ 2,138,959	\$ 3,181,965	\$ 3,109,350
Total Liabilities and Net Assets	\$ 1,148,953	\$ 3,037,988	\$ 4,186,941	\$ 4,065,577

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

Exhibit F

	Business-Type Activities -		Totals	
	Enterprise Funds		2007	2006
	Water	Sewer		
Operating Revenues:				
Water and Other Services	\$ 142,855	\$ 144,095	\$ 286,950	\$ 280,729
Delinquent Charges	7,168	-	7,168	9,369
Connection Fees	800	1,950	2,750	2,800
Total Operating Revenues	\$ 150,823	\$ 146,045	\$ 296,868	\$ 292,898
Operating Expenses:				
Salaries and Employee Benefits	\$ 45,636	\$ 44,935	\$ 90,571	\$ 113,864
Office Expense	3,440	-	3,440	3,767
Repairs and Maintenance	47,026	21,038	68,064	59,052
Fuel for Equipment	2,987	336	3,323	9,386
Operating Supplies	998	-	998	1,526
Utilities	31,308	52,527	83,835	66,531
Insurance	2,138	2,698	4,836	3,908
Professional Fees	2,793	23,305	26,098	27,355
Treatment Plant Expense	6,141	16,214	22,355	26,266
Depreciation	36,276	86,637	122,913	122,464
Sales Tax Collector Fee Expense	-	866	866	801
Bad Debts	5,678	164	5,842	343
Miscellaneous	148	25	173	528
Total Operating Expenses	\$ 184,569	\$ 248,745	\$ 433,314	\$ 435,791
Net Operating Income (Loss)	\$ (33,746)	\$ (102,700)	\$ (136,446)	\$ (142,893)
Nonoperating Income (Expense):				
Investment Interest	\$ 5,557	\$ 16,170	\$ 21,727	\$ 16,726
Interest Expense	-	(39,607)	(39,607)	(40,137)
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	-	134,187	134,187	124,046
Miscellaneous Income	61	50	111	1,639
Total Non-Operating Revenues (Expenses)	\$ 5,618	\$ 110,800	\$ 116,418	\$ 102,274
Transfers In / (Out)	\$ (50,353)	\$ 20,000	\$ (30,353)	\$ (50,141)
Capital Contributions - Grants	25,000	97,996	122,996	9,500
Change in Net Assets	\$ (53,481)	\$ 126,096	\$ 72,615	\$ (81,260)
Net Assets - Beginning of the Year	\$ 1,096,487	\$ 2,012,863	\$ 3,109,350	\$ 3,190,610
Net Assets - End of the Year	\$ 1,043,006	\$ 2,138,959	\$ 3,181,965	\$ 3,109,350

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

Exhibit G

	Business-Type Activities -		Totals	
	Enterprise Funds		2007	2006
	Water	Sewer		
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 135,226	\$ 140,621	\$ 275,847	\$ 290,356
Payments to Suppliers	(97,239)	(118,210)	(215,449)	(197,642)
Payments to Employees	(45,636)	(44,935)	(90,571)	(113,864)
Other Receipts (Payments)	10,359	(1,324)	9,035	(5,392)
Net Cash Provided by (Used in) Operating Activities	\$ 2,710	\$ (23,848)	\$ (21,138)	\$ (26,542)
Cash Flows From Noncapital Financing Activities:				
(Increase) Decrease in Due from Other Funds	\$ 101	\$ 5,111	\$ 5,212	\$ (19,854)
Increase (Decrease) in Due to Other Funds	31,503	26,989	58,492	(6,104)
Transfers to Other Funds	(50,353)	20,000	(30,353)	(50,141)
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (18,749)	\$ 52,100	\$ 33,351	\$ (76,099)
Cash Flows From Capital and Related Financing Activities:				
Construction of Capital Assets	\$ -	\$ (176,171)	\$ (176,171)	\$ (10,877)
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	-	134,187	134,187	124,046
Miscellaneous Non-Operating Income	61	50	111	1,639
Revenue Bond Principal Paid on Capital Debt	-	(13,057)	(13,057)	(12,485)
Interest Paid on Capital Debt	-	(39,607)	(39,607)	(40,137)
Capital Grants Received	25,000	97,996	122,996	9,500
Net Cash Provided by Capital and Related Financing Activities	\$ 25,061	\$ 3,398	\$ 28,459	\$ 71,686
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 5,557	\$ 16,170	\$ 21,727	\$ 16,726
Purchase of Investments	(1,434)	(2,940)	(4,374)	(2,813)
Net Cash Provided by Investing Activities	\$ 4,123	\$ 13,230	\$ 17,353	\$ 13,913
Increase (Decrease) in Cash	\$ 13,145	\$ 44,880	\$ 58,025	\$ (17,042)
Cash - Beginning of the Year	\$ 111,308	\$ 279,928	\$ 391,236	\$ 408,278
Cash - End of the Year	\$ 124,453	\$ 324,808	\$ 449,261	\$ 391,236
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 88,958	\$ 235,070	\$ 324,028	\$ 280,369
Restricted Cash	35,495	89,738	125,233	110,867
	\$ 124,453	\$ 324,808	\$ 449,261	\$ 391,236

(Continued)

Town of Independence, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007
(With Comparative Totals for the Year Ended June 30, 2006)

Exhibit G
(Continued)

	Business-Type Activities -		Totals	
	Enterprise Funds			
	Water	Sewer	2007	2006
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (33,746)	\$ (102,700)	\$ (136,446)	\$ (142,893)
Adjustments to Reconcile Operating Loss to Net Cash				
Provided by (Used in) Operating Activities:				
Depreciation	36,276	86,637	122,913	122,464
Provision for Bad Debts	5,678	164	5,842	343
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(9,919)	(5,370)	(15,289)	(2,199)
(Increase) Decrease in Accrued Interest Receivable	(84)	115	31	(334)
(Increase) Decrease in Sales Tax Receivable	-	(1,503)	(1,503)	(5,164)
Increase (Decrease) in Accounts Payable	(260)	(1,201)	(1,461)	1,478
Increase (Decrease) in Sales Tax				
Collection Fee Payable	-	10	10	33
Increase (Decrease) in Customer Deposits Payable	4,765	-	4,765	(270)
Net Cash Provided By (Used In) Operating Activities	\$ 2,710	\$ (23,848)	\$ (21,138)	\$ (26,542)

The accompanying notes are an integral part of this statement.

Town of Independence, Louisiana
Notes to Financial Statements
June 30, 2007

Narrative Profile

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

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority, and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish council, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

The Town's financial statements are currently being prepared in accordance with GASB Statement No. 34, which establishes the requirements and reporting model for the annual financial reports of both state and local governments. The following list describes some of the required aspects of these financial statements:

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the Town's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. The Town reports all capital assets, including infrastructure, in the government-

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

wide Statement of Net Assets and reports depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of the Town are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Town’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of the Town’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating 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 original budgets over the course of the year for a variety of reasons. The Budgetary Comparison Schedules include the Town’s original budgets and a comparison of the final budgets to the actual results.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. The Town has no component units.

B. Government-Wide and Fund Accounting

The basic financial statements include both government-wide (based on the Town as a whole) and fund types (the total of all funds of a particular type). In the current reporting model, the focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, streets and parks, etc.), which are otherwise being supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, streets and parks, etc.) or a business-type activity. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. These funds are normally budgeted in this manner. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements’ governmental column, a reconciliation is

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

The focus of the current reporting model is on the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and / or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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 1% Sales Tax Fund (1966), 1% Sales Tax Fund (1982), and Innovative Housing Fund are considered major funds for reporting purposes. The LCDBG Economic Development Fund is considered a nonmajor fund for reporting purposes.

Debt Service Funds – Debt Service Funds account for resources set aside to pay interest and principal on long-term debt. The Series 1994 Sales Tax Refunding Bonds Fund and Series 1999 Certificates of Indebtedness Fund are considered nonmajor funds for reporting purposes.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through these funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services and materials, contracts, personnel, and dedication. In accordance with Governmental Accounting Standards Board (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 or Business 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 or recovered primarily through user charges or

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

(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. The Town's Water Enterprise Fund and Sewer Enterprise Fund account for the operations of providing water services and sewer services, respectively.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, and Debt Service, 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. Long-term 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 current assets.

The government-wide statements of net assets and 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 assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General, Special Revenue, and Debt Service 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. 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 statements of net assets and statements of activities 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.

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.

D. Budgets and Budgetary Accounting

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. The proposed budget for the year ended June 30, 2007, was submitted to the Board of Aldermen on June 5, 2006.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2007, was published timely in the official journal.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A hearing on the proposed budget for the year ended June 30, 2007, was held June 30, 2006.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance. The proposed budget for the year ended June 30, 2007, was adopted by ordinance on June 30, 2006.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. The budget for the year ended June 30, 2007 was amended on March 8, 2007.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the following deviations: (1) On the budget basis in the General Fund a loan from the Innovative Housing Fund is recorded as an Other Financing Source, while on the GAAP basis it is reported as an Advance from Other Funds (Liability). (2) On the budget basis in the Innovative Housing Fund a loan to the General Fund is recorded as an Other Financing Use, while on the GAAP basis it is reported as an Advance to Other Funds (Asset).
8. A budget was also adopted for the Water and Sewer Enterprise Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

F. Receivables and Payables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of any applicable allowance for uncollectibles.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

G. Allowance for Uncollectible Accounts

Uncollectible amounts due for ad valorem taxes, customers' utility receivables, and innovative housing program notes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at June 30, 2007.

a. General Fund		
Allowance for Uncollectible Ad Valorem Tax Receivable	\$	29,041
b. Special Revenue Funds		
Allowance for Uncollectible Innovative Housing Program Notes Receivable	\$	11,406
c. Enterprise Funds		
Allowance for Uncollectible Water Fees	\$	13,214
Allowance for Uncollectible Sewer Fees		164
	\$	13,378

H. Inventory

The Town utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The Town did not record any inventory at June 30, 2007, as the amount is not material.

I. Payable from Restricted Assets

Certain assets of the Town's Water and Sewer System have been restricted for payment of the following as of June 30, 2007:

Utility Customer Deposits	\$	35,495
Revenue Bonds Payable		13,551
	\$	49,046

J. Capital Assets

Capital outlays are recorded as expenditures of the General and Special Revenue Funds and as assets in the government-wide financial statements to the extent the Town's capitalization threshold 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 less than \$10 million, the Town has elected to report its infrastructure retroactively. Interest incurred during construction is capitalized on a government-wide basis. Interest attributable to capitalized assets as of June 30, 2007 was immaterial. Depreciation is recorded on capital assets 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 funds basis and the government-wide basis. All fixed assets are valued at historical cost or

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Of the \$2,686,416 in retroactive infrastructure capitalized as of June 30, 2004, the entire amount was estimated using current replacement cost for a similar asset and deflating this cost through the use of 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.

K. Accumulated Compensated Absences

The Town's policy is to allow employees' vacation pay based on employee classification and length of service. Vacation pay is non-cumulative with any unpaid amounts paid to employees upon separation from Town's service. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. No liability has been recorded in the Water and Sewer Enterprise Fund for unused vacation pay at June 30, 2007, as the amount is not material.

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

L. Pension Plans

The Town has two pension plans that cover all of the Town's employees. Both pension plans are joint contributory defined contribution plans administered by the statewide Louisiana Municipal Employees' Retirement System and the statewide Louisiana Municipal Police Employees' Retirement System. Both pension plans are funded by contributions from employees through payroll withholding deductions and matching contributions from the Town (Notes 6 and 7).

M. Long-Term Obligations

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

N. Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including 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)
June 30, 2007

2. Restricted net assets – Consists of net assets with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is broken down between reserved and unreserved, with unreserved further split between designated and undesignated portions. Proprietary fund equity is classified the same as in the government-wide statements. See Note 9 for additional disclosures.

O. Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds except for the deviations discussed in Note 1-D. All annual appropriations lapse at fiscal year end. See Note 1-D regarding the adoption of operating budgets. The Town was in compliance with the Local Budget Act.

B. Deposits and 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, the Town was in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2007, no Town funds had deficit fund equities.

D. Compliance with Bond and Certificate of Indebtedness Covenants

1. Compliance with Sales Tax Bond Covenants

As of June 30, 2007, the Town was in compliance with all Sales Tax Bond Covenants. See Note 12 for a further discussion of the Sales Tax Bond Covenants.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

2. Compliance with Sewer Revenue Bond Covenants

As of June 30, 2007, the Town was in compliance with all Sewer Revenue Bond Covenants. See Note 12 for a further discussion of the Sewer Revenue Bond Covenants.

3. Compliance with Certificates of Indebtedness Covenants

As of June 30, 2007, the Town was in compliance with all Certificates of Indebtedness Covenants. See Note 12 for a further discussion of the Certificates of Indebtedness Covenants.

3. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

As reflected on Exhibit A, the Town has cash totaling \$1,466,226 and investments totaling \$749,356 at June 30, 2007. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Town. The following is a summary of cash and investments (bank balances) at June 30, 2007, with the related federal deposit insurance and pledged securities:

	Governmental Activities	Business-Type Activities	Total
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	\$ 1,016,965	\$ 449,261	\$ 1,466,226
Certificates of Deposit	644,437	104,919	749,356
	\$ 1,661,402	\$ 554,180	\$ 2,215,582

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2007, \$2,172,139 of the Town's bank balance of \$2,272,139 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entity's Name	1,632,545	539,594	2,172,139
Total Category 3 Bank Balances	\$ 1,632,545	\$ 539,594	\$ 2,172,139
Total Bank Balances (Regardless of Category)	\$ 1,707,703	\$ 564,436	\$ 2,272,139

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

4. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2007, consisted of the following:

	General Fund
Beer Tax - Due from the State of Louisiana	\$ 1,131

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

5. Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended June 30, 2007:

	Balance 06/30/06	Increases	Decreases	Balance 06/30/07
Capital Assets Not Depreciated:				
Land and Land Improvements	\$ 64,500	\$ -	\$ -	\$ 64,500
Total Capital Assets Not Depreciated	\$ 64,500	\$ -	\$ -	\$ 64,500
Other Capital Assets:				
Buildings / Improvements	\$ 452,437	\$ -	\$ 115,273	\$ 337,164
Infrastructure	2,693,816	-	-	2,693,816
Machinery, Equipment, & Vehicles	341,844	111,974	10,010	443,808
Total Other Capital Assets	\$ 3,488,097	\$ 111,974	\$ 125,283	\$ 3,474,788
Less Accumulated Depreciation:				
Buildings / Improvements	\$ 206,910	\$ 13,267	\$ 45,869	\$ 174,308
Infrastructure	1,776,304	67,231	-	1,843,535
Machinery, Equipment, & Vehicles	308,478	21,139	10,010	319,607
Total Accumulated Depreciation	\$ 2,291,692	\$ 101,637	\$ 55,879	\$ 2,337,450
Other Capital Assets, Net	\$ 1,196,405	\$ 10,337	\$ 69,404	\$ 1,137,338
Totals	\$ 1,260,905	\$ 10,337	\$ 69,404	\$ 1,201,838

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended June 30, 2007:

	Balance 06/30/06	Increases	Decreases	Balance 06/30/07
Land	\$ 69,808	\$ -	\$ -	\$ 69,808
Wells	138,603	-	-	138,603
Pumping Stations & Equipment	50,000	-	-	50,000
Storage Tank	145,520	-	-	145,520
Sewerage Lift Stations	100,000	-	-	100,000
Water and Sewer Lines, etc.	4,893,767	176,171	-	5,069,938
Vehicles and Equipment	58,854	-	-	58,854
	\$ 5,456,552	\$ 176,171	\$ -	\$ 5,632,723
Less Accumulated Depreciation:				
Buildings and Equipment	\$ 1,978,036	\$ 122,913	\$ -	\$ 2,100,949
Total	\$ 3,478,516	\$ 53,258	\$ -	\$ 3,531,774

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40	Years
Infrastructure	40 - 50	Years
Water Wells & Sewer Pump Stations	20	Years
Storage Tanks, Lines & Meters	40	Years
Trucks & Equipment	5	Years
Garbage Collection System	10	Years

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements are summarized as follows:

Primary Government:

Capital Outlay	\$ 111,974
Depreciation Expense	<u>(101,637)</u>
Total Adjustment	<u>\$ 10,337</u>

Depreciation expense was charged to functions / programs of the Town as follows:

Governmental Activities:

General Government	\$ 13,375
Public Safety	18,032
Streets and Parks	<u>70,230</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 101,637</u>

Business-Type Activities:

Water	\$ 36,276
Sewer	<u>86,637</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 122,913</u>

In the current year, the Town's Head Start building was destroyed by fire. As a result, the Town received insurance proceeds in the amount of \$300,632. These proceeds have been recorded as an other financing source in the fund financial statements. A reconciling item to the government-wide statements was recorded in the amount of \$69,404 to remove the net book value of the building. As of June 30, 2007, the Town had not begun construction of the new building. The Town expects the cost to construct the new building to exceed the insurance proceeds received.

6. Employees Pension Plan (Other Than Police Officers)

All of the Town's full-time employees, with the exception of police officers, participate in the Louisiana Municipal Retirement System - Plan A ("System"), a multiple-employer public employee retirement system.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

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

- A. Any age with thirty (30) or more years of creditable service.
- B. Employee is age 55 and has twenty-five (25) years or more of creditable service.
- C. Employee is age 60 with a minimum of ten (10) or more years of creditable service. However, benefits are reduced by three (3%) percent for each year below age 62.
- D. Employee is under age 60 with five (5) years of creditable service and is eligible for disability benefits.
- E. Entitlements to survivor's benefits require five (5) years of creditable service at the time of the death of a member.

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

Plan members are required, currently, to contribute 9.25% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 16.25% of covered payroll.

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

Both the Town and the covered employees made the required contributions amounting to \$72,679. There were no related party transactions.

Trend Information

Contributions required by state statute:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2005	\$ 61,614	100%
2006	\$ 78,137	100%
2007	\$ 72,679	100%

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

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

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

7. Employees Pension Plan (Police Officers)

Full-time police employees of the Town participate in the Municipal Police Employees Retirement System ("Police System"), a multiple-employer public employee retirement system.

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

Plan members are required, currently, to contribute 7.50% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 15.50% of covered payroll.

Both the Town and the covered employees made the required contributions, amounting to \$19,350. There were no related party transactions.

Trend Information

Contributions required by state statute:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2005	\$ 34,876	100%
2006	\$ 30,525	100%
2007	\$ 19,350	100%

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

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

8. Changes In Long-Term Debt

The following is a summary of debt transactions of the Town for the year ended June 30, 2007:

	<u>Debt Payable</u> <u>07/01/06</u>	<u>Increase in</u> <u>Debt</u>	<u>Debt</u> <u>Retired</u>	<u>Debt Payable</u> <u>06/30/07</u>	<u>Due Within</u> <u>One Year</u>
Certificate of Obligation	\$ 123,000	\$ -	\$ 39,000	\$ 84,000	\$ 41,000
Sales Tax Refunding Bonds	48,000	-	23,000	25,000	25,000
Revenue Bonds	884,939	-	13,058	871,881	13,551
Total	<u>\$ 1,055,939</u>	<u>\$ -</u>	<u>\$ 75,058</u>	<u>\$ 980,881</u>	<u>\$ 79,551</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

Long-term debt payable at June 30, 2007, is comprised of the following:

Certificates of Indebtedness:

\$350,000 Certificates of Indebtedness, Series 1999, Independence, Louisiana, dated May 3, 1999; due in bi-annual installments of \$39,523 - \$45,761 through 01/01/2009; Interest at 4.98%; (Secured through a pledge and dedication of excess revenues of the Town above statutory, necessary, and usual charges.) \$ 84,000

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

Year Ended June 30,	1999 Certificate of Indebtedness		
	Principal	Interest	Total
2008	\$ 41,000	\$ 3,162	\$ 44,162
2009	43,000	1,071	44,071
	\$ 84,000	\$ 4,233	\$ 88,233

General Obligation Bonds:

\$244,000 Sales Tax Refunding Bonds dated 10/20/94; Due in bi-annual installments of \$12,000 - \$25,000 through 06/01/2008; Interest at 6.1% (Payable from a pledge of the Town's 1982 1% Sales and Use Tax) \$ 25,000

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

Year Ended June 30,	1994 Public Improvement Bonds		
	Principal	Interest	Total
2008	\$ 25,000	\$ 1,525	\$ 26,525
	\$ 25,000	\$ 1,525	\$ 26,525

Revenue Bonds:

\$975,000 Revenue Bonds dated 12/16/97; Due in monthly installments of \$4,387 through 12/16/2037; Interest at 4.5% (payable from a pledge of the Town's income and revenues of the Sewerage System) \$ 871,881

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

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

	\$975,000 Revenue Bonds		
	Principal	Interest	Total
06/30/08	\$ 13,551	\$ 39,099	\$ 52,650
06/30/09	14,282	38,368	52,650
06/30/10	14,939	37,711	52,650
06/30/11	15,625	37,025	52,650
06/30/12	16,244	36,406	52,650
06/30/13 - 06/30/17	93,589	169,661	263,250
06/30/18 - 06/30/22	117,182	146,068	263,250
06/30/23 - 06/30/27	146,728	116,522	263,250
06/30/28 - 06/30/32	183,691	79,559	263,250
06/30/33 - 06/30/37	230,072	33,178	263,250
06/30/38	25,978	347	26,325
	\$ 871,881	\$ 733,944	\$ 1,605,825

9. Reserves and Dedications of Fund Equity

The Town records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the Town as of June 30, 2007.

Reserves of Fund Balance / Net Assets:

a. Debt Service Funds

(1) Reserved for General Obligation Bond Debt Service	\$ 57,210
(2) Reserved for Economic Development	66,922
(3) Reserved for Historical District Renovations	625,878
(4) Reserved for Advances to Other Funds	74,400

b. Water and Sewer Enterprise Fund

(1) Reserved for Revenue Bond Debt Service	145,881
	\$ 970,291

10. Tax Revenues

A sales tax of two and one-half percent is levied by the Town 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 collected in June and July (which represent sales for May and June) and received by the Town in July and August have been accrued and are included under the caption "Sales Tax Receivable".

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Tangipahoa Parish.

For the year ended June 30, 2007, taxes of 16.23 mills were levied on property with taxable assessed valuations totaling \$8,573,921 and were dedicated to the following purposes:

General Corporate Purposes	6.23	Mills	
Police Department	5.00	Mills	
Fire Department	5.00	Mills	
	16.23	Mills	

Total taxes levied were \$139,155. Taxes receivable were \$29,071 at June 30, 2007. The allowance for uncollectible ad valorem taxes totaled \$29,041 at June 30, 2007.

11. On-Behalf Payments Made by State of Louisiana

For the year ended June 30, 2007, the State of Louisiana made on-behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town has recorded \$26,390 of on-behalf payments as revenue and as expenses in the General Fund, as follows:

Department	Amount
Fire	\$ 12,000
Police	14,390
Total	\$ 26,390

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

A. 1966 1% Sales and Use Tax (Special Revenue Fund)

The proceeds of the 1966 1% sales and use tax levied by the Town (current collections were \$268,180 for the year ended June 30, 2007) were dedicated for the payment of the 1967 Public Improvement Bonds. As of April 1, 1992, these March 14, 1967 Public Improvement Bonds were paid in full and the sales tax is no longer dedicated for payment of these bonds. Balances in the Sales Tax 1966 Debt Service Fund were transferred to the 1966 Sales Tax Fund by a residual equity transfer.

B. 1980 ½ % Sales and Use Tax (Enterprise Fund)

The proceeds of the 1980 ½ % sales and use tax levied by the Town (current collections were \$134,187 for the year ended June 30, 2007) 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.

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

C. 1982 1% Sales and Use Tax (Special Revenue Fund)

The proceeds of the 1982 1% sales and use tax levied by the Town (current collections were \$268,180 for the year ended June 30, 2007) are dedicated as follows:

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

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

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

These funds are maintained in two separate interest-bearing accounts. The required monthly payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until June, 2008, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payment into the sinking fund. The required monthly payments into the Reserve Fund are five percent (5%) of the amount required to be deposited into the Sinking Fund and will cease after the amount of \$24,400 has been accumulated therein. No payments into the Reserve Fund will be due after accumulation of \$24,400, unless there is a default in connection with the payment of the bonds which requires withdrawal from this fund for the purpose of paying maturing principal and interest on the bonds. Any monies remaining in the Sales Tax Fund – 1982 on the 20th day of each month after making the required payments into the Sales Tax Bond Sinking Fund – 1994 and the Sales Tax Bond Reserve Fund – 1994 for the current month and for prior months during which the required payments may not have been made, is considered as surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

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

13. Flow of Funds: Restrictions on Use – Sewer Revenues

The Town, through its governing authority, adopted a resolution on March 11, 1997, authorizing the issuance of \$975,000 Sewer Revenue Bonds issued on a complete parity with the outstanding \$45,000 of Revenue Bonds dated April 21, 1980 referred to in the first paragraph above, and entering into certain covenants in connection with the security and payment of said bonds. The proceeds of these bonds are to be used to

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

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.

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

14. Compliance with Certificates of Indebtedness Covenants

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

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

As of June 30, 2007, the Town was in compliance with this resolution covenant as it was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2007.

Sinking Fund – In the resolution the Town is required to create a special fund to be known as "Town of Independence, State of Louisiana, Certificate of Indebtedness, Series 1999, Sinking Fund" to be used for

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

payment of the principal of and the interest on the certificates. The Town is required to deposit in the Sinking Fund funds fully sufficient to promptly pay the maturing principal and / or interest so falling due on such date.

As of June 30, 2007, the Town was in compliance with this resolution covenant.

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

As of June 30, 2007, the Town was in compliance with these other resolution covenants in all material respects.

15. Interfund Receivables and Payables

Due to / from Other Funds:

The following is a summary of amounts due from and due to other funds at June 30, 2007:

	Due From	Due To
General Fund:		
Special Revenue Funds	\$ 50,281	\$ 18,191
Enterprise Funds	76,498	17,916
Total General Fund	126,779	36,107
 Special Revenue Funds:		
General Fund	18,191	50,281
 Enterprise Funds:		
General Fund	17,916	76,498
Enterprise Funds	20,987	20,987
Total Enterprise Funds	38,903	97,485
Total All Funds	\$ 183,873	\$ 183,873

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

Advances to / from Other Funds:

The following is a summary of amounts advanced to and from other funds at June 30, 2007.

	<u>Advanced To</u>	<u>Advanced From</u>
General Fund:		
Innovative Housing Fund	\$ -	\$ 74,400
Innovative Housing Fund:		
General Fund	<u>74,400</u>	<u>-</u>
Total All Funds	<u>\$ 74,400</u>	<u>\$ 74,400</u>

16. Interfund Transfers

The following is a summary of the transfers between funds during the fiscal year ended June 30, 2007:

	<u>Transfers In From</u>	<u>Transfers Out To</u>
General Fund:		
Special Revenue Funds	\$ 365,000	\$ -
Enterprise Funds	<u>50,353</u>	<u>-</u>
Total General Fund	415,353	-
Special Revenue Funds:		
General Fund	-	365,000
Debt Service Funds	-	71,119
Enterprise Funds	<u>-</u>	<u>20,000</u>
Total Special Revenue Funds	-	456,119
Debt Service Funds:		
Special Revenue Funds	71,119	-
Enterprise Funds:		
General Fund	-	50,353
Special Revenue Funds	<u>20,000</u>	<u>-</u>
Total Enterprise Funds	<u>20,000</u>	<u>50,353</u>
Total All Funds	<u>\$ 506,472</u>	<u>\$ 506,472</u>

Town of Independence, Louisiana
Notes to Financial Statements (Continued)
June 30, 2007

17. Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2007:

\$975,000 Revenue Bond Debt Service - Cash	\$	89,738
\$975,000 Revenue Bond Debt Service - Investments		69,694
Customers' Deposits - Cash		35,495
Total Restricted Assets	\$	194,927

18. Segments of Enterprise Activities

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

	Water System	Sewer System	Total
Operating Revenues	\$ 150,823	\$ 146,045	\$ 296,868
Depreciation	\$ 36,276	\$ 86,637	\$ 122,913
Operating Income (Loss)	\$ (33,746)	\$ (102,700)	\$ (136,446)
Net Income (Loss)	\$ (53,481)	\$ 126,096	\$ 72,615
Working Capital	\$ 103,602	\$ 259,038	\$ 362,640
Property, Plant, & Equipment:			
Additions	\$ -	\$ 176,171	\$ 176,171
Deletions	\$ -	\$ -	\$ -
Total Assets	\$ 1,148,953	\$ 3,037,988	\$ 4,186,941
Revenue Bonds Payable	\$ -	\$ 871,881	\$ 871,881
Equity	\$ 1,043,006	\$ 2,138,959	\$ 3,181,965

19. Commitments and Contingencies

Grant Programs

The Town participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2007 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements of such contingencies.

Required Supplemental Information

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance --
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2007

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Taxes - Ad Valorem	\$ 117,000	\$ 117,000	\$ 140,217	\$ 23,217
Licenses and Permits	142,200	142,200	204,266	62,066
Intergovernmental	62,350	62,350	66,226	3,876
Fines and Forfeitures	25,000	25,000	34,157	9,157
Solid Waste	82,500	82,500	87,010	4,510
On-behalf Payments by State	32,400	32,400	26,390	(6,010)
Miscellaneous	31,700	15,700	25,066	9,366
Total Revenues	<u>\$ 493,150</u>	<u>\$ 477,150</u>	<u>\$ 583,332</u>	<u>\$ 106,182</u>
Expenditures:				
Current:				
General Government	\$ 252,786	\$ 254,892	\$ 253,609	\$ 1,283
Public Safety - Fire	142,216	142,216	139,434	2,782
Public Safety - Police	251,407	253,576	240,143	13,433
Streets and Parks	158,386	199,640	192,027	7,613
Solid Waste	97,500	97,500	89,746	7,754
Other	5,000	5,000	4,361	639
Capital Outlay	<u>204,500</u>	<u>507,070</u>	<u>111,974</u>	<u>395,096</u>
Total Expenditures	<u>\$ 1,111,795</u>	<u>\$ 1,459,894</u>	<u>\$ 1,031,294</u>	<u>\$ 428,600</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (618,645)	\$ (982,744)	\$ (447,962)	\$ 534,782
Other Financing Sources (Uses):				
Insurance Recovery - Head Start Building	\$ -	\$ 300,652	\$ 300,632	\$ (20)
Sales Tax Fund (1966)	235,000	235,000	235,000	-
Sales Tax Fund (1982)	155,000	190,000	130,000	(60,000)
Water and Sewer Fund	49,400	49,400	50,353	953
Loan from Innovative Housing Fund	<u>(4,800)</u>	<u>(4,800)</u>	<u>(2,600)</u>	<u>2,200</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (184,045)	\$ (212,492)	\$ 265,423	\$ 477,915
Fund Balance (Non-GAAP Budgetary Basis)				
Beginning of the Year	\$ 225,485	\$ 225,485	\$ 225,485	\$ -
End of the Year	<u>\$ 41,440</u>	<u>\$ 12,993</u>	<u>\$ 490,908</u>	<u>\$ 477,915</u>
Adjustments to Generally Accepted Accounting Principles:				
Loan from Innovative Housing Fund			<u>2,600</u>	
Fund Balance - End of the Year (GAAP Basis)			<u>\$ 493,508</u>	

See auditor's report.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
1% Sales Tax Fund (1966)
For the Year Ended June 30, 2007

Schedule 2

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Sales Tax	\$ 230,000	\$ 230,000	\$ 268,180	\$ 38,180
Interest Revenue	8,500	8,500	15,141	6,641
Total Revenues	\$ 238,500	\$ 238,500	\$ 283,321	\$ 44,821
Expenditures:				
General Government	\$ 3,000	\$ 3,000	\$ 4,732	\$ (1,732)
Total Expenditures	\$ 3,000	\$ 3,000	\$ 4,732	\$ (1,732)
Excess of Revenues over Expenditures	\$ 235,500	\$ 235,500	\$ 278,589	\$ 43,089
Other Financing Sources (Uses):				
Transfers Out:				
General Fund	\$ (235,000)	\$ (235,000)	\$ (235,000)	\$ -
Total Other Uses	\$ (235,000)	\$ (235,000)	\$ (235,000)	\$ -
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 500	\$ 500	\$ 43,589	\$ 43,089
Fund Balance - Beginning of the Year	\$ 365,570	\$ 365,570	\$ 365,570	\$ -
Fund Balance - End of the Year	\$ 366,070	\$ 366,070	\$ 409,159	\$ 43,089

See auditor's report.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance --
Budget (GAAP Basis) and Actual
1% Sales Tax Fund (1982)
For the Year Ended June 30, 2007

Schedule 3

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Sales Taxes	\$ 231,500	\$ 231,500	\$ 268,180	\$ 36,680
Interest Revenue	9,500	9,500	16,818	7,318
Total Revenues	\$ 241,000	\$ 241,000	\$ 284,998	\$ 43,998
Expenditures:				
General Government	\$ 3,000	\$ 3,000	\$ 4,732	\$ (1,732)
Total Expenditures	\$ 3,000	\$ 3,000	\$ 4,732	\$ (1,732)
Excess of Revenues over Expenditures	\$ 238,000	\$ 238,000	\$ 280,266	\$ 42,266
Other Financing Sources (Uses):				
Transfers Out:				
General Fund	\$ (155,000)	\$ (190,000)	\$ (130,000)	\$ 60,000
Debt Service Fund	(71,053)	(71,053)	(71,119)	(66)
Sewer Fund	-	(20,000)	(20,000)	-
Water Fund	(80,000)	(80,000)	-	80,000
Total Other Uses	\$ (306,053)	\$ (361,053)	\$ (221,119)	\$ 139,934
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ (68,053)	\$ (123,053)	\$ 59,147	\$ 182,200
Fund Balance - Beginning of the Year	\$ 384,092	\$ 384,092	\$ 384,092	\$ -
Fund Balance - End of the Year	\$ 316,039	\$ 261,039	\$ 443,239	\$ 182,200

See auditor's report.

Town of Independence, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Non-GAAP Basis) and Actual
Innovative Housing Fund
For the Year Ended June 30, 2007

Schedule 4

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Interest Revenue	\$ 15,000	\$ 15,000	\$ 18,854	\$ 3,854
Total Revenues	\$ 15,000	\$ 15,000	\$ 18,854	\$ 3,854
Expenditures:				
Administrative Fees	\$ 1,500	\$ 1,500	\$ 5	\$ 1,495
Audit and Accounting	1,500	1,500	3,000	(1,500)
Maintenance	14,500	14,500	-	14,500
Total Expenditures	\$ 17,500	\$ 17,500	\$ 3,005	\$ 14,495
Excess (Deficiency) of Revenues over Expenditures	\$ (2,500)	\$ (2,500)	\$ 15,849	\$ 18,349
Other Financing Sources (Uses):				
Debt Repayment General Fund	\$ 4,800	\$ 4,800	\$ 2,600	\$ (2,200)
Total Other Sources (Uses)	\$ 4,800	\$ 4,800	\$ 2,600	\$ (2,200)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 2,300	\$ 2,300	\$ 18,449	\$ 16,149
Fund Balance - Beginning of the Year (Non-GAAP Budgetary Basis)	\$ 684,429	\$ 684,429	\$ 684,429	\$ -
Fund Balance - End of the Year (Non-GAAP Budgetary Basis)	\$ 686,729	\$ 686,729	\$ 702,878	\$ 16,149
Adjustments to Generally Accepted Accounting Principles:				
Loan to General Fund			(2,600)	
Fund Balance - End of the Year (GAAP Basis)			\$ 700,278	

See auditor's report.

Other Supplemental Information

Non-Major Governmental Funds

Special Revenue Funds

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

Debt Service Funds

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

Certificates of Indebtedness, Series 2000 – To accumulate monies for the payment of the Certificates of Indebtedness, Series 2000 due in annual installments, plus interest, through maturity in 2009. Debt service is financed from excess revenues of the Town above statutory, necessary, and usual charges.

Town of Independence, Louisiana
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2007

Schedule 5

Assets	LCDBG Economic Development 1987 Fund	Certificates of Indebtedness Series 1999	Sales Tax Refunding Bonds Series 1994	Total Non-Major Governmental Funds
Cash	\$ 4,440	\$ 24,481	\$ 32,729	\$ 61,650
Investments	62,641	-	-	62,641
Receivables	697	-	-	697
Total Assets	\$ 67,778	\$ 24,481	\$ 32,729	\$ 124,988
Liabilities and Fund Balance				
Due to Other Funds	\$ 856	-	-	\$ 856
Total Liabilities	\$ 856	-	-	\$ 856
Fund Balances				
Reserved for Debt Service	\$ 66,922	\$ 24,481	\$ 32,729	\$ 124,132
Total Liabilities and Fund Balance	\$ 67,778	\$ 24,481	\$ 32,729	\$ 124,988

See 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, 2007

	LCDBG Economic Development 1987 Fund	Certificates of Indebtedness Series 1999	Sales Tax Refunding Bonds Series 1994	Total Non-Major Governmental Funds
Revenues:				
Interest	\$ 3,389	\$ 1,691	\$ 1,668	\$ 6,748
Total Revenues	\$ 3,389	\$ 1,691	\$ 1,668	\$ 6,748
Expenditures:				
Principal Retirement	\$ -	\$ 39,000	\$ 23,000	\$ 62,000
Interest	-	5,154	2,924	8,078
Total Expenditures	\$ -	\$ 44,154	\$ 25,924	\$ 70,078
Excess (Deficiency) of Revenues over Expenditures	\$ 3,389	\$ (42,463)	\$ (24,256)	\$ (63,330)
Other Financing Sources:				
Transfers In	\$ -	\$ 45,141	\$ 25,978	\$ 71,119
Total Other Sources	\$ -	\$ 45,141	\$ 25,978	\$ 71,119
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ 3,389	\$ 2,678	\$ 1,722	\$ 7,789
Fund Balances - Beginning of the Year	\$ 63,533	\$ 21,803	\$ 31,007	\$ 116,343
Fund Balances - End of the Year	\$ 66,922	\$ 24,481	\$ 32,729	\$ 124,132

See auditor's report.

**Schedule of Changes in Assets
Restricted for Revenue Bond Debt Service**

Town of Independence
 Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
 For the Year Ended June 30, 2007
 With Comparative Amounts for the Year Ended June 30, 2006

Schedule 7

	<u>\$975,000 Revenue Bonds, December 16, 1997</u>			<u>Total</u>	
	<u>Current</u>	<u>Future</u>	<u>Contingency</u>	<u>2007</u>	<u>2006</u>
	<u>Debt Service</u>	<u>Debt Service</u>			
Balance - Beginning of Year					
Cash	\$ 25,541	\$ 33,984	\$ 20,612	\$ 80,137	\$ 71,098
Investments	-	-	66,754	66,754	64,891
Total	<u>\$ 25,541</u>	<u>\$ 33,984</u>	<u>\$ 87,366</u>	<u>\$ 146,891</u>	<u>\$ 135,989</u>
Receipts:					
Transfer from					
Operating Account	\$ 55,283	\$ 3,816	\$ -	\$ 59,099	\$ 59,099
Interest	1,710	1,449	2,940	6,099	4,459
Total Receipts	<u>\$ 56,993</u>	<u>\$ 5,265</u>	<u>\$ 2,940</u>	<u>\$ 65,198</u>	<u>\$ 63,558</u>
Total Available	<u>\$ 82,534</u>	<u>\$ 39,249</u>	<u>\$ 90,306</u>	<u>\$ 212,089</u>	<u>\$ 199,547</u>
Disbursements:					
Principal Payments	\$ 13,058	\$ -	\$ -	\$ 13,058	\$ 12,484
Interest Payments	39,598	-	-	39,598	40,172
Total Disbursements	<u>\$ 52,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,656</u>	<u>\$ 52,656</u>
Balance - End of Year					
Cash	\$ 29,878	\$ 39,249	\$ 20,612	\$ 89,739	\$ 80,137
Investments	-	-	69,694	69,694	66,754
	<u>\$ 29,878</u>	<u>\$ 39,249</u>	<u>\$ 90,306</u>	<u>\$ 159,433</u>	<u>\$ 146,891</u>

See auditor's report.

Schedule of Insurance Coverage in Force (Unaudited)

Town of Independence
Schedule of Insurance Coverage in Force (Unaudited)
June 30, 2007

Schedule 8

<u>Insurance Company</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Rod Prejean & Associates	City Hall / Fire Station #1 (473 W. Railroad Ave.)		
	Building	\$ 216,320	09/05/07
	Contents	\$ 52,000	09/05/07
Rod Prejean & Associates	Fire Station #2 (113 Calhoun Street)		
	Building	\$ 114,736	09/05/07
	Contents	\$ 26,520	09/05/07
Rod Prejean & Associates	Water Tower & Equipment (Pine Street)		
	Well	\$ 5,962	09/05/07
	Tower #3	\$ 64,210	09/05/07
	75KW Generator	\$ 75,000	09/05/07
Rod Prejean & Associates	Fire Station #3 (268 E. Railroad Ave.)		
	Building	\$ 106,129	09/05/07
	Contents	\$ 25,500	09/05/07
Rod Prejean & Associates	Police Station / Senior Citizen (269 E. Railroad Ave.)		
	Building	\$ 300,000	09/05/07
	Contents	\$ 53,155	09/05/07
Rod Prejean & Associates	Central Tangi Head Start (728 E. Railroad Ave.)		
	Building	N/A	N/A
Rod Prejean & Associates	Public Official Bond		
	Per Employee	\$ 100,000	Indefinite
Rod Prejean & Associates	Commercial Auto Policy		
	Comprehensive and Collision		
	1992 Chevrolet Pickup	\$ 5,650	05/14/08
	2000 Chevrolet Pickup	\$ 12,000	05/14/08
	2007 Chevrolet Crew Cab Pickup	\$ 19,996	05/14/08
Rod Prejean & Associates	Commercial Auto Physical Damage		
	2007 Crown Victoria (#3966)	\$ 22,980	05/14/08
	2007 Crown Victoria (#3965)	\$ 22,980	05/14/08
	2007 Crown Victoria (#3937)	\$ 22,980	05/14/08
	2007 Crown Victoria (#3976)	\$ 22,980	05/14/08

(Continued)

Town of Independence
Schedule of Insurance Coverage in Force (Unaudited)
June 30, 2007

Schedule 8
(Continued)

Insurance Company	Coverage	Amount	Expiration Date
Rod Prejean & Associates	Canon Copier	\$ 5,417	09/05/07
Rod Prejean & Associates	Commercial Coverage Comprehensive and Collision		
	Case Backhoe Loader	\$ 26,729	09/05/07
	Case Tractor	\$ 37,775	09/05/07
Rod Prejean & Associates	Lift Stations		
	South Pine Street	\$ 34,944	09/05/07
	Kemp Street	\$ 28,938	09/05/07
	Robertson Road	\$ 16,275	09/05/07
	Larussa Lane	\$ 16,926	09/05/07
	Highway 40	\$ 23,478	09/05/07
	Route Avenue North	\$ 34,944	09/05/07
	6th Street	\$ 23,478	09/05/07
	Calhoun Street	\$ 23,478	09/05/07
	Cypress Street	\$ 23,478	09/05/07
	Cason Road (Treatment Plant)	\$ 551,460	09/05/07
LA Municipal Risk Management Agency	Automobile Liability Uninsured Motorist, BI & PD	\$ 500,000	05/01/09
LA Municipal Risk Management Agency	Commercial General Liability Premises / Operations	\$ 500,000	05/01/10
	Products / Completed Operations	\$ 500,000	05/01/10
LA Municipal Risk Management Agency	Law Enforcement Officers Comprehensive Liability, Personal Injury	\$ 500,000	05/01/10
LA Municipal Risk Management Agency	Public Officials Liability Errors & Omissions	\$ 500,000	05/01/10
LA Municipal Risk Management Agency	Police Cars Liability	\$ 500,000	05/01/10

See auditor's report.

Schedule of Compensation Paid Elected Officials

Town of Independence
 Schedule of Compensation Paid Elected Officials
 June 30, 2007

Schedule 9

Name	Title	Term of Office	Compensation Paid	
Philip F. Domiano, Mayor P.O. Box 812 Independence, LA 70443	Mayor Street Commissioner	July 1, 2004 - June 30, 2008	\$	10,800 57,551
Jessie C. Pingno P.O. Box 191 Independence, LA 70443	Police Chief	July 1, 2004 - December 1, 2006	\$	16,278
Anthony Maurer 287 Tiger Avenue Independence, LA 70443	Police Chief	December 1, 2006 June 30, 2008	\$	19,602
Raymond Alexia P.O. Box 1395 Independence, LA 70443	Fire Chief	July 1, 2004 - June 30, 2008	\$	36,564
Louis "Nick" Joseph P.O. Box 621 Independence, LA 70443	Mayor Pro-Tem	July 1, 2004 - June 30, 2008	\$	2,063
Joseph C. Guzzardo P.O. Box 545 Independence, LA 70443	Alderman	July 1, 2004 - June 30, 2008	\$	2,125
Parnell "Butch" Baham P.O. Box 1282 Independence, LA 70443	Alderman	July 1, 2004 - June 30, 2008	\$	2,250
Steve "Eddie" Anthony P.O. Box 723 Independence, LA 70443	Alderman	July 1, 2004 - June 30, 2008	\$	2,188
Richard Navarra P.O. Box 857 Independence, LA 70443	Alderman	July 1, 2004 - June 30, 2008	\$	2,250

See auditor's report.

Water and Sewer Rate Schedule

Town of Independence, Louisiana
Water and Sewer Rate Schedule
June 30, 2007

Schedule 10

Description	Total	Water	DHH Fee	Garbage	Fire Serv I	Police Serv II	Sewer	Tax
No Charge	-	-	-	-	-	-	-	-
Residential (1)	37.71	5.50	0.27	10.44	3.50	2.50	15.50	-
Residential (2)	75.42	11.00	0.54	20.88	7.00	5.00	31.00	-
Residential (3)	113.13	16.50	0.81	31.32	10.50	7.50	46.50	-
Residential (4)	150.84	22.00	1.08	41.76	14.00	10.00	62.00	-
Outside - Water (1)	17.27	17.00	0.27	-	-	-	-	-
Outside - Water (2)	34.54	34.00	0.54	-	-	-	-	-
Outside - Water (3)	51.81	51.00	0.81	-	-	-	-	-
Outside - Water & Sewer	32.77	17.00	0.27	-	-	-	15.50	-
Outside - No Sewer w/ Garbage	22.21	5.50	0.27	10.44	3.50	2.50	-	-
Outside - No Sewer w/o Garbage	11.77	5.50	0.27	-	3.50	2.50	-	-
Commercial - Washateria	31.13	9.00	0.27	-	3.50	2.50	15.50	0.36
Head Start	282.57	9.00	0.27	10.44	3.50	2.50	256.50	0.36
	27.49	5.50	0.27	-	3.50	2.50	15.50	0.22
Commercial Rate (2)	75.86	11.00	0.54	20.88	7.00	5.00	31.00	0.44
Commercial Rate (1)	37.92	5.50	0.27	10.44	3.50	2.50	15.50	0.21
Car Wash - Indy Jet Spray	53.53	20.50	0.27	10.44	3.50	2.50	15.50	0.82
Car Wash - C&G	43.09	20.50	0.27	-	3.50	2.50	15.50	0.82
Commercial Washateria w/ Garbage	41.57	9.00	0.27	10.44	3.50	2.50	15.50	0.36
French Settlement	104.07	100.00	0.27	-	-	-	-	3.80
Mater Dolorosa	440.52	177.75	0.27	-	3.50	2.50	256.50	-
Indy Middle School	476.89	214.12	0.27	-	3.50	2.50	256.50	-
Indy Elementary School	528.27	265.50	0.27	-	3.50	2.50	256.50	-
Indy High School	543.64	280.87	0.27	-	3.50	2.50	256.50	-
Lallie Kemp Hospital	1,033.77	750.00	0.27	-	-	-	283.50	-
Housing Authority	2,187.18	319.00	15.66	605.52	203.00	145.00	899.00	-
Tax-Exempt	37.71	5.50	0.27	10.44	3.50	2.50	15.50	-
Residential (8)	301.68	44.00	2.16	83.52	28.00	20.00	124.00	-
LA Medical & Surgical	100.27	50.00	0.27	-	-	-	50.00	-
Residential (5)	188.55	27.50	1.35	52.20	17.50	12.50	77.50	-
Residential (6)	226.26	33.00	1.62	62.64	21.00	15.00	93.00	-

Delinquent fee \$5.00

See auditor's report.

Schedule of Water and Sewer Information

Town of Independence, Louisiana
 Schedule of Water and Sewer Information
 June 30, 2007

Schedule 11

Aged Accounts Receivable:

As of June 30, 2007, accounts receivable from water and sewer billings were aged as follows:

Current	Over 30 Days	Over 60 Days	Over 90 Days	Total
\$ 31,573	\$ 7,427	\$ 3,504	\$ 2,286	\$ 44,790

Water and Sewer Users

As of June 30, 2007, water and sewer users were composed of the following:

	Water	Sewer
Residential	743	717
Non-Residential	57	55
Total Users	800	772

See auditor's report.

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

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*



Hannis T. Bourgeois, LLP

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October 24, 2007

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Town of Independence, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town of Independence's basic financial statements, and have issued our report thereon dated October 24, 2007. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Independence's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Independence's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Independence's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Independence's financial statements that is more than inconsequential will not be prevented or detected by the Town of Independence's internal control. We consider the deficiencies described in items 07-01 to 07-04 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Independence's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

The Town of Independence's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

Respectfully submitted,

Harold J. Bourgeois, CPA

Findings and Recommendations

Town of Independence, Louisiana
Current Year Audit Findings
For the Year Ended June 30, 2007

Findings and Recommendations

Compliance Finding

None

Internal Control Findings

07-01 – Lack of Segregation of Duties

Finding:

It was noted in our prior year audit and again in the current year audit, the size of the Town's accounting and administrative staff precludes certain internal control that would be preferred if the office staff were large enough to provide for adequate segregations of duties. This situation dictates that the Mayor and Board of Aldermen be actively involved in the financial affairs of the Town to provide oversight and review functions.

Recommendation:

We recommend that the Town's Mayor and Board of Aldermen continue to be actively involved in the financial affairs of the Town.

Management's Response:

The Mayor and Board of Alderman are aware of this situation and will remain active in the review and oversight functions related to the Town's finances.

07-02 – Fraud – FEMA Grant

Finding:

In the current year, it was noted through an investigation by federal authorities that certain police officers of the Town were convicted of fraud involving inappropriate overtime compensation reimbursed to the Town through a disaster assistance FEMA grant. This fraud involved collusion among the convicted police officers. For the payroll where the fraud occurred, the overtime portion of the payroll records was being kept on a manual log rather than the normal procedure of use of a punch time card. The Town's system of internal control over payroll was circumvented due to the collusion involved and the use of the manual log. These police officers are being held responsible for restitution and the Town does not expect any liability from this matter.

Recommendation:

All police officers involved are no longer employed by the Town. We were informed by Town personnel that punch time cards are now required for all hours worked. Also, the Mayor now completes a review of the hours worked prior to signing the payroll checks. We recommend that these new procedures be followed for all payrolls.

Town of Independence, Louisiana
Current Year Audit Findings
For the Year Ended June 30, 2007

Management's Response:

All time worked will be punched on proper time cards provided. No handwritten logs will be accepted. The Mayor will continue to review all time worked on all time cards, for all departments.

07-03 – Disconnect Policy – Utility Fund

Finding:

We selected a sample of delinquent customers as of June 30, 2007 in the enterprise fund. The results of those procedures indicated that the Town is not consistently enforcing their stated disconnect policy.

Recommendation:

We recommend that the Town begin to consistently enforce their disconnect policy for delinquent accounts.

Management's Response:

In March, the employee who took care of our disconnects for water / sewer suddenly passed away. The loss of this employee had caused us to get behind on our disconnects. We are currently seeking a qualified person to replace him so we may adhere to our disconnect policy.

07-04 – Traffic Citations

Finding:

During our current year audit procedures, we selected a sample of 25 traffic citations for testing. We noted that 7 of the items tested were dismissed. We were informed that this high rate of dismissals was due to the fact that police officers were not always appearing on court dates which may lead to the ticket being dismissed. We also noted instances where ticket books containing unissued tickets were not always being turned back into the Town upon the termination / resignation of a police officer. This practice makes it difficult to account for ticket sequences.

Recommendation:

We recommend that the Town take necessary action to reduce the number of dismissed tickets. Also, in the future, ticket books should be received from terminated police officers prior to them receiving their final paycheck.

Management's Response:

After the FEMA fraud matter, the resignation of all those involved, and a new Police Chief being appointed and elected, we have had a large turnover of employees in the Police Department. Because of this, we have had officers not turn in books upon their resignations. We have implemented a new policy to correct this matter. No final paychecks will be issued until all ticket books are logged back into City Hall. A log is kept that the officer signs when he is issued a new citation book and he has to sign again when he returns the used or unused citation book. Reserve officers that are issued citation books do not receive a paycheck, therefore, getting these citation books back will be the sole responsibility of the Police Chief, then he will, in turn, be responsible for returning

Town of Independence, Louisiana
Current Year Audit Findings
For the Year Ended June 30, 2007

them to City Hall to be logged back in. During the transition of the Police Department after the FEMA fraud matter, there was some confusion pertaining to officers showing up for court. We have informed the Police Chief that the officers need to attend court in order for charges not to be dismissed in court.

Corrective Action Plan for Current Audit Findings

Town of Independence, Louisiana
 Corrective Action Plan for Current Year Audit Findings
 For the Year Ended June 30, 2007

<u>Ref #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Compliance Finding</u>				
None				
<u>Internal Control Finding</u>				
07-01	Lack of Segregation of Duties	Mayor and Alderman will remain active in the review and oversight of financial affairs	Phillip Domiano	On Going
07-02	Fraud - FEMA Grant	Time cards will be required and will be reviewed by the Mayor.	Phillip Domiano	December 31, 2007
07-03	Disconnect Policy - Utility Fund	New employee will be hired to replace previous employee who passed away.	Phillip Domiano	December 31, 2007
07-04	Traffic Citations	Log books will be required to be signed in and out at City Hall. Officers will be asked to attend court regularly.	Phillip Domiano	December 31, 2007

Note: This schedule has been prepared by the management of the Town of Independence, Louisiana.

Summary Schedule of Prior Audit Findings

Town of Independence, Louisiana
 Summary Schedule of Prior Audit Findings
 For the Year Ended June 30, 2007

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken		Additional Explanation
			Partial Corrective Action Taken	Plan Corrective Action -	

Compliance Findings

06-02	June 30, 2006	Expiration of 1980 1/2% Sales Tax Authorization	Yes	On March 31, 2007, a special election was held and the voters approved a proposition to continue to levy this tax.	
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Internal Control Findings

06-01	June 30, 2004	Lack of segregation of duties	Partial	Mayor and Board of Aldermen will continue to be active in oversight of the Town's finances but the small office size remains an issue	
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Management Letter Suggestions

None

Note: This schedule has been prepared by the management of the Town of Independence, Louisiana.