

TOWN OF HOMER, LOUISIANA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2012

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 OCT 30 2013

MARSHA O MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA

**TOWN OF HOMER, LOUISIANA
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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Mayor and Board of Selectmen
Town of Homer, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Homer (the Town) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

The financial statements referred to above do not include financial data for the Town's legally separate component unit, Homer Memorial Hospital, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Town's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Town of Homer unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. As the Homer Memorial Hospital's fiscal year end is June 30, the effect of this omission as of December 31, 2012, is not readily determinable.

In my opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component unit of Town of Homer, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Further, in my opinion, the financial statements referred to above present fairly, in all material respects, respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Homer, Louisiana, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the budgetary comparison information on pages 27 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Homer's primary government financial statements as a whole. The supplementary information on pages 31 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 29, 2013 on my consideration of Town of Homer, Louisiana's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Homer, Louisiana's internal control over financial reporting and compliance.



Certified Public Accountant
August 29, 2013

TOWN OF HOMER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

Our discussion and analysis of the Town of Homer, Louisiana (the Town) provides an overview of the Town's activities for the year ended December 31, 2012. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in them. The Town's net position (i.e., the difference between assets and liabilities) are a measure of the Town's financial position. The increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

As of December 31, 2012, net position was as follows:

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$2,644,338	\$2,170,918	\$ 996,910	\$1,055,661	\$3,641,248	\$ 3,226,579
Capital assets, net	3,063,374	3,255,737	5,501,188	5,204,790	8,564,562	8,460,527
Total assets	<u>5,707,712</u>	<u>5,426,655</u>	<u>6,498,098</u>	<u>6,260,451</u>	<u>12,205,810</u>	<u>11,687,106</u>
Deferred outflow of resources	-	-	-	-	-	-
Liabilities						
Current and other liabilities	2,284,783	1,829,500	343,435	355,523	2,628,218	2,185,023
Long-term debt	-	-	2,075,430	2,108,207	2,075,430	2,108,207
Total liabilities	<u>2,284,783</u>	<u>1,829,500</u>	<u>2,418,865</u>	<u>2,463,730</u>	<u>4,703,648</u>	<u>4,293,230</u>
Deferred inflow of resources	-	-	-	-	-	-
Net position						
Invested in capital assets, net of debt	3,063,374	3,255,727	3,354,746	3,025,998	6,418,120	6,281,725
Restricted (Deficit)	(698,563)	146,691	255,822	243,244	(442,741)	389,935
Unrestricted	1,058,118	194,737	468,665	527,479	1,526,783	722,216
Total net position	<u>\$3,422,929</u>	<u>\$3,597,155</u>	<u>\$4,079,233</u>	<u>\$3,796,721</u>	<u>\$7,502,162</u>	<u>\$ 7,393,876</u>

TOWN OF HOMER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

For the year ended December 31, 2012, net position changed as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Program revenues.						
Charges for services	\$ 7,188	\$ 8,310	\$ 1,119,099	\$ 1,164,496	\$ 1,126,287	\$ 1,172,806
Operating grants and contributions	79,719	78,482	-	-	79,719	78,482
Capital grants and contributions	56,688	670,337	393,845	152,768	450,533	823,105
General revenues						
Property taxes	355,960	346,209	-	-	355,960	346,209
Sales and use taxes	956,751	909,883	-	-	956,751	909,883
Other taxes, licenses and permits	317,386	408,635	-	-	317,386	408,635
Other	36,538	47,041	3,243	1,394	39,781	48,435
Total revenues	<u>1,810,230</u>	<u>2,468,897</u>	<u>1,516,187</u>	<u>1,318,658</u>	<u>3,326,417</u>	<u>3,787,555</u>
Expenses						
General government	671,422	872,913	-	-	671,422	872,913
Public safety	713,069	743,424	-	-	713,069	743,424
Highways and streets	331,565	344,783	-	-	331,565	344,783
Culture and recreation	134,960	105,409	-	-	134,960	105,409
Economic development	213,900	150,638	-	-	213,900	150,638
Utilities	-	-	1,153,530	1,220,056	1,153,530	1,220,056
Total expenses	<u>2,064,916</u>	<u>2,217,167</u>	<u>1,153,530</u>	<u>1,220,056</u>	<u>3,218,446</u>	<u>3,437,223</u>
Change in net position before transfers	(254,686)	251,730	362,657	98,602	107,971	350,332
Transfers	80,145	(14,175)	(80,145)	14,175	-	-
Change in net position	<u>\$ (174,541)</u>	<u>\$ 237,555</u>	<u>\$ 282,512</u>	<u>\$ 112,777</u>	<u>\$ 107,971</u>	<u>\$ 350,332</u>

TOWN OF HOMER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

At the close of the fiscal year, assets of the Town exceeded liabilities by \$7,502,162. Of those net assets, \$6,418,120 represents the Town's investment in capital assets net of accumulated depreciation and related debt. These assets are not available for future spending. The remaining net position consists of bank balances, receivables and other assets.

Net assets increased by \$107,971. Current and other assets exclusive of due from other funds, increased by \$414,669. Revenues decreased from 2011 by \$461,138. Expenses decreased by \$218,777.

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term revenue, expenditures, and balances of expendable resources. This information is used in assessing the financing requirements of the Town. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

BUDGETARY HIGHLIGHTS

During the year ended December 31, 2012, one budget amendment was adopted. The amendment increased taxes, grants, other revenues, general government expenditures, economic development expenditures, and public safety expenditures.

Actual revenues in the General Fund failed to meet budgeted amounts by \$9,588.

Actual expenses in the General Fund exceeded budgeted amounts by \$98,000.

Actual revenues in the Street Fund exceeded budgeted amounts by \$40,003.

Actual expenses in the Street Fund exceeded budgeted amounts by \$10,006.

Actual revenues in the Industrial Development fund exceeded budgeted amounts by \$56,531.

Actual expenses in the Industrial Development fund exceeded budgeted amounts by \$121,035.

Actual revenues in the Police Fund failed to meet budgeted amounts by \$13,735.

Actual expenses in the Police Fund exceeded budgeted amounts by \$2,472.

TOWN OF HOMER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2012, the Town's investment in capital assets for its governmental and business-type activities amounts to \$3,063,374 and \$5,501,188, respectively, for a total of \$8,564,562 (net of accumulated depreciation) This investment includes land, buildings and improvements, vehicles, machinery, equipment, and water and sewer systems

Debt

At year end, the Town had debt outstanding totaling \$2,146,442, consisting of \$457,520 in outstanding Series 1996 sewer revenue bonds and \$1,705,000 in outstanding Series 2009 utility revenue refunding bonds, net of a bond discount of \$16,078 The bonds bear interest at various rates from 3.25% to 5.375% and are due to mature in 2035 and 2034, respectively

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Town of Homer 's elected officials considered the following factors and indicators when setting next year's budget, rate and fees These factors and indicators include

- 1) Taxes
- 2) Intergovernmental revenues (state and local grants)
- 3) License and fees
- 4) Fines

Town of Homer does not expect any significant changes in next year's results as compared to the current year

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives If you have any questions about this report or need additional information, contact the Town Clerk at Town Hall The financial statements of Homer Memorial Hospital are issued separately and may be obtained from the hospital's business office, the parish clerk of court, or the Louisiana Legislative Auditor at www.la.la.gov

TOWN OF HOMER, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash	\$ 475,589	\$ 124,797	\$ 600,386
Taxes and accounts receivable	290,127	199,150	489,277
Total Current Assets	765,716	323,947	1,089,663
Noncurrent Assets			
Restricted cash	-	365,797	365,797
Due from other funds	1,873,942	234,585	2,108,527
Other Assets	4,680	72,581	77,261
Capital assets, net	3,063,374	5,501,188	8,564,562
Total Noncurrent Assets	4,941,996	6,174,151	11,116,147
Total Assets	5,707,712	6,498,098	12,205,810
Deferred Outflows of Resources	-	-	-
LIABILITIES			
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	176,256	156,032	332,288
Deferred revenue	-	-	-
Current portion of long term debt	-	71,012	71,012
Accrued interest on bonds	-	6,416	6,416
Due to other funds	2,108,527	-	2,108,527
Total current liabilities	2,284,783	233,460	2,518,243
Noncurrent Liabilities			
Long-term debt, net of current portion	-	2,075,430	2,075,430
Customer deposits	-	109,975	109,975
Total Noncurrent liabilities	-	2,185,405	2,185,405
Total liabilities	2,284,783	2,418,865	4,703,648
Deferred Inflows of Resources	-	-	-
NET POSITION			
Investment in capital assets, Net of related debt	3,063,374	3,354,746	6,418,120
Restricted for debt service	-	255,822	255,822
Restricted (Deficit)	(698,563)	-	(698,563)
Unrestricted	1,058,118	468,665	1,526,783
Total Net Position	\$ 3,422,929	\$ 4,079,233	\$ 7,502,162

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government							
Governmental Activities							
General Government	\$ 671,422	\$ -	\$ 8,389	\$ -	\$ (663,033)	\$ -	\$ (663,033)
Public Safety	713,069	-	62,000	-	(651,069)	-	(762,234)
Highways and Streets	331,565	-	9,330	-	(322,235)	-	(325,783)
Culture & Recreation	134,960	-	-	-	(134,960)	-	(105,409)
Economic Development	213,900	7,188	-	56,688	(150,024)	-	(150,024)
Total Governmental Activities	<u>2,064,916</u>	<u>7,188</u>	<u>79,719</u>	<u>56,688</u>	<u>(1,921,321)</u>	<u>-</u>	<u>(1,921,321)</u>
Business-Type Activities							
Utility Fund	1,153,530	1,119,099	-	393,845	-	359,414	359,414
Total Business-Type Activities	<u>1,153,530</u>	<u>1,119,099</u>	<u>-</u>	<u>393,845</u>	<u>-</u>	<u>359,414</u>	<u>359,414</u>
Total Primary Government	<u>\$ 3,218,446</u>	<u>\$ 1,126,287</u>	<u>\$ 79,719</u>	<u>\$ 450,533</u>	<u>(1,921,321)</u>	<u>359,414</u>	<u>(1,561,907)</u>
General Revenues							
Taxes							
Ad Valorem					355,960	-	355,960
Franchise					196,834	-	196,834
Licenses and Permits					62,408	-	62,408
Sales					956,751	-	956,751
Beer					6,424	-	6,424
Fines					51,720	-	51,720
Transfers to/from other funds					80,145	(80,145)	-
Miscellaneous					36,538	3,243	39,781
Total General Revenues and Transfers					<u>1,746,780</u>	<u>(76,902)</u>	<u>1,669,878</u>
Change In Net Assets					(174,541)	282,512	107,971
Net Assets, Beginning of Year					<u>3,597,470</u>	<u>3,796,721</u>	<u>7,394,191</u>
Net Assets, End of Year					<u>\$ 3,422,929</u>	<u>\$ 4,079,233</u>	<u>\$ 7,502,162</u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2012

	<u>General Fund</u>	<u>Street Fund</u>	<u>Industrial Development Fund</u>	<u>Police Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Assets						
Cash	\$ 78,221	\$ 5,930	\$ 244,798	\$ 5,222	\$ 141,418	\$ 475,589
Grants and contracts receivable	167,757	34,808	41,969	25,188	20,405	290,127
Due from other Funds	1,474,464	8,990	175,658	-	214,830	1,873,942
Other Assets	4,680	-	-	-	-	4,680
Total Assets	\$ 1,725,122	\$ 49,728	\$ 462,425	\$ 30,410	\$ 376,653	\$ 2,644,338
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ 41,930	\$ 10,843	\$ 64,887	\$ 39,227	\$ 19,369	\$ 176,256
Deferred Revenue	9,115	-	-	-	-	9,115
Due to other funds	625,074	98,145	8,990	1,276,032	100,286	2,108,527
Total Liabilities	676,119	108,988	73,877	1,315,259	119,655	2,293,898
Fund Balances						
Assigned	-	(59,260)	388,548	(1,284,849)	256,998	(698,563)
Unassigned	1,049,003	-	-	-	-	1,049,003
Total Fund Balances	1,049,003	(59,260)	388,548	(1,284,849)	256,998	350,440
Total Liabilities and Fund Balances	\$ 1,725,122	\$ 49,728	\$ 462,425	\$ 30,410	\$ 376,653	\$ 2,644,338

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

Total Fund Balance for Governmental Funds	\$ 350,440
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	3,063,374
Other long-term assets are not available to pay for current period expenditures and, are deferred in the funds	<u>9,115</u>
Total Net Position of Governmental Activities	<u>\$ 3,422,929</u>

The accompanying notes are an integral part of this statement

TOWN OF HOMER LOUISIANA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Street Fund	Industrial Development Fund	Police Fund	NonMajor Funds	Totals
<u>REVENUES</u>						
Taxes:						
Property	\$ 135,038	\$ -	\$ -	\$ -	\$220,922	\$ 355,960
Sales	398,962	290,714	96,905	169,583	-	956,164
Franchise	196,834	-	-	-	-	196,834
Beer	6,424	-	-	-	-	6,424
Intergovernmental	8,389	9,330	56,688	37,000	25,000	136,407
Licenses and Permits	62,408	-	-	-	-	62,408
Charges for Services	6,400	-	-	-	788	7,188
Fines	-	-	-	51,720	-	51,720
Donations	1,800	-	-	-	-	1,800
Miscellaneous	30,107	839	2,938	312	542	34,738
Total Revenues	846,362	300,883	156,531	258,615	247,252	1,809,643
<u>EXPENDITURES</u>						
Current:						
General Government	547,235	-	-	-	-	547,235
Public Safety	-	-	-	642,222	61,021	703,243
Highways and Streets	-	296,534	-	-	-	296,534
Culture & Recreation	-	-	-	-	122,344	122,344
Economic Development	-	-	190,220	-	12,662	202,882
Total Expenditures	547,235	296,534	190,220	642,222	196,027	1,872,238
Excess (deficiency) of revenues over expenditures	299,127	4,349	(33,689)	(383,607)	51,225	(62,595)
<u>OTHER FINANCING SERVICES (USES)</u>						
Operating transfers in	114,780	-	-	3,600	-	118,380
Operating transfers out	-	(4,043)	(28,309)	(5,399)	(484)	(38,235)
Excess (deficiency) of revenues and other sources over expenditures and other uses	413,907	306	(61,998)	(385,406)	50,741	17,550
<u>FUND BALANCES</u>						
Beginning of year	635,096	(59,566)	450,546	(899,443)	206,257	332,890
End of year	<u>\$1,049,003</u>	<u>\$(59,260)</u>	<u>\$ 388,548</u>	<u>\$(1,284,849)</u>	<u>\$256,998</u>	<u>\$ 350,440</u>

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Changes in Fund Balances - Total Governmental Funds \$ 17,550

The change in Net Position reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities the cost of those assets is allocated
over their estimated useful lives and reported
as depreciation expense. This is the amount
by which depreciation (239,961) exceeds
capital outlay (47,895) (192,066)

Revenues in the statement of activities that do not
provide current financial resources are not
reported as revenue in the funds (25)

Change in Net Position of Governmental Activities \$ (174,541)

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2012

Assets	
Current Assets	
Cash	\$ 124,797
Accounts receivable, net	199,150
Total Current Assets	<u>323,947</u>
Noncurrent Assets	
Restricted cash	365,797
Prepaid expenses	72,581
Due from other funds	234,585
Capital assets, net	5,501,188
Total Noncurrent Assets	<u>6,174,151</u>
Total Assets	<u>6,498,098</u>
Deferred Outflows of resources	<u>-</u>
Liabilities	
Liabilities	
Accounts payable and accruals	156,032
Accrued interest on bonds	6,416
Bonds payable, due within one year	71,012
Total Current Liabilities	<u>233,460</u>
Noncurrent Liabilities	
Customer deposits	109,975
Bonds payable, due after one year	2,075,430
Total Noncurrent Liabilities	<u>2,185,405</u>
Total Liabilities	<u>2,418,865</u>
Deferred Inflows of resources	<u>-</u>
Net Position	
Investments in capital assets, Net of related debt	3,354,746
Restricted for debt service	255,822
Unrestricted	468,665
Total Net Position	<u>\$ 4,079,233</u>

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING REVENUES	
Charges for Services	\$ 1,119,099
Miscellaneous	3,243
Total Operating Revenues	<u>1,122,342</u>
OPERATING EXPENSES	
Personal Services	211,120
Maintenance and Repair	18,516
Contractual Services	420,937
Other Supplies and Expenses	27,807
Legal, Accounting, and Insurance Expense	41,741
Utilities	82,334
Depreciation	245,991
Total Operating Expenses	<u>1,048,446</u>
Changes in Net Position before Other Revenue (Expense)	73,896
OTHER REVENUE (EXPENSE)	
Capital Contributions	393,845
Transfers to other funds	(80,145)
Interest Expense	<u>(105,084)</u>
Changes in Net Position	282,512
Net Position, Beginning of Year	<u>3,796,721</u>
Net Postion, End of Year	<u>\$ 4,079,233</u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEAR ENDED DECEMBER 31, 2012

Cash flows from operating activities	
Cash received from customers	\$ 1,130,788
Cash payments to suppliers and employees	(704,933)
Other operating income	3,243
Net cash provided by operating activities	<u>429,098</u>
Cash flows from capital and related financing activities	
System improvements	(542,389)
Transfers to other funds	(80,145)
Capital contributions	393,845
Interest paid on long term debt	(106,958)
Principal payments on long term debt	(70,506)
Net cash used by capital and related financing activities	<u>(406,153)</u>
Net increase in cash	22,945
Cash, January 1, 2012 (including \$345,844 in restricted accounts)	<u>467,649</u>
Cash, December 31, 2012 (including \$365,797 in restricted accounts)	<u>\$ 490,594</u>
Reconciliation of changes in net assets to net cash provided by operating activities	
Changes in net assets before other revenue (expenses)	\$ 73,896
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	245,991
Changes in assets and liabilities	
Decrease in accounts receivable	11,689
Decrease in due from other funds	49,864
Decrease in prepaid expenses	3,299
Increase in accounts payable	36,984
Increase in customer deposits	7,375
Net cash provided by operating activities	<u>\$ 429,098</u>

The accompanying notes are an integral part of this statement

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Town of Homer was incorporated March 13, 1850, and granted a special charter under the provisions of Act No 11 of the Louisiana Legislature. The Town operates under a Mayor Selectmen form of government. The Town's major operations include public safety, streets, recreation and parks, utilities, and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Town of Homer have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June, 1999.

B. Reporting Entity

GASB Statement 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Town of Homer is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No 14, fiscally independent means that Town of Homer may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bond debt.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position, page 8, and the Statement of Activities, page 9) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use or directly benefit from goods, services, privileges provided by a given function or segment, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when the cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishment, long-term proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

Town of Homer reports the following governmental and proprietary funds:

Governmental Funds

Governmental funds account for all or most of Town of Homer's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term obligations.

General Fund - is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Other major funds reported to account for sales tax dedicated to a specific purpose include Street, Industrial Development, and Police Funds.

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Town of Homer applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that these standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Amounts reported as program revenues include a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Formal budgetary accounting is employed as a management control. Town of Homer prepares and adopts a budget each year for its general and utility funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Town amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more. All budget appropriations lapse at year end.

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Town defines cash and cash equivalents as follows

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty

Cash equivalents - includes all short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible

H. Bad Debts

Uncollectible accounts receivable 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. At December 31, 2012, \$23,027 Business-Type Activities receivables were considered to be uncollectible.

I. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased that have a useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

J. Sales Taxes

The Town collects a two (2) percent sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated as follows: 40% for general purposes, 10% for Industrial Development, 30% for Streets, and 5% each for Police, Fire, Recreation and Contingencies.

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

Employees of the Town earn vacation leave depending upon their length of service. Employees may not accumulate and carryforward days of vacation leave beyond the end of each calendar year except in cases of emergency. In addition, employees can earn compensatory leave for working overtime. All vacation and compensatory leave is expected to be liquidated with expendable financial resources and thus is considered short-term and recognized as a liability as appropriate.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LEVIED TAXES

Town of Homer levies taxes on real and business personal property located within its boundaries. The Parish Tax Assessor assesses the property values and prepares the Town's property tax roll. The Town bills and collects its own property taxes. Ad valorem taxes are levied and billed to the taxpayer in December, and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. Taxes of 8.73 mills were levied on property with assess valuations totaling \$16,294,434 and were dedicated for general operating purposes. Total taxes levied after adjustments were \$135,264. Taxes receivable at December 31, 2012 totaled \$112,245.

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time deposits, and certificates of deposit. Under state law the Town may deposit funds within a fiscal agent bank selected and designated by the Town Council. Further, the fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The carrying amount of the Town's deposits at December 31, 2012 (including petty cash of \$500) was \$966,183 and the bank's balance was \$1,064,431. The difference is due to outstanding checks and deposits at year end. The banks balances were secured as follows:

Secured by FDIC Insurance	\$	382,171
Collateralized by securities pledged in the Town's name		682,260
Total	\$	1,064,431

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Taxes			
Ad Valorem	\$ 112,245	\$ -	\$ 112,245
Franchise	16,255	-	16,255
Sales	114,880	-	114,880
Other	8,381	-	8,381
Grants	38,366	-	38,366
Charges for services	-	199,150	199,150
Total.	<u>\$ 290,127</u>	<u>\$ 199,150</u>	<u>\$ 489,277</u>

NOTE 5 CAPITAL ASSETS

A summary of Town of Homer's capital assets at December 31, 2012 follows

	Balance 1/1/2012	Additions	Retirements	Balance 12/31/2012
Government Activities				
Capital Assets, not being depreciated				
Land	\$ 135,743	\$ -	\$ -	\$ 135,743
Total Capital Assets, not being depreciated	135,743	-	-	135,743
Capital Assets, being depreciated				
Infrastructure	4,397,540	38,278	-	4,435,818
Land Improvements	1,593,849	-	-	1,593,849
Buildings	885,360	-	-	885,360
Building Improvements	139,053	-	-	139,053
Furniture & Equipment	302,988	6,020	-	309,008
Vehicles	879,678	3,600	-	883,278
Total Buildings and other improvements	8,198,468	47,898	-	8,246,366
Accumulated Depreciation				
Infrastructure	2,064,003	121,807	-	2,185,810
Land Improvements	1,352,418	36,594	-	1,389,012
Buildings	582,907	9,855	-	592,762
Building Improvements	75,875	-	-	75,875
Furniture & Equipment	250,294	13,733	-	264,027
Vehicles	753,277	57,972	-	811,249
Total Buildings and other improvements	5,078,774	239,961	-	5,318,735
Total Capital Assets, being depreciated	3,119,694	(192,063)	-	2,927,631
Governmental Activities				
Total Capital Assets, net	<u>\$ 3,255,437</u>	<u>\$ (192,063)</u>	<u>\$ -</u>	<u>\$ 3,063,374</u>

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 5 CAPITAL ASSETS - CONTINUED

	<u>1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2012</u>
Business Type Activities				
Government Activities				
Capital Assets, not being depreciated				
Land	\$ 13,330	\$ -	\$ -	\$ 13,330
Work in Progress	<u>234,281</u>	<u>53,810</u>	<u>(230,381)</u>	<u>57,710</u>
Total Capital Assets, not being depreciated	<u>247,611</u>	<u>53,810</u>	<u>(230,381)</u>	<u>71,040</u>
 Capital Assets, being depreciated				
Infrastructure	11,425,058	718,960	-	12,144,018
Buildings	127,367	-	-	127,367
Furniture & Equipment	157,095	-	-	157,095
Vehicles	<u>176,925</u>	<u>-</u>	<u>-</u>	<u>176,925</u>
Total Buildings and other improvements	<u>11,886,445</u>	<u>718,960</u>	<u>-</u>	<u>12,605,405</u>
 Accumulated Depreciation				
Infrastructure	6,522,183	245,991	-	6,768,174
Buildings	127,367	-	-	127,367
Furniture & Equipment	103,481	-	-	103,481
Vehicles	<u>176,235</u>	<u>-</u>	<u>-</u>	<u>176,235</u>
Total Buildings and other improvements	<u>6,929,266</u>	<u>245,991</u>	<u>-</u>	<u>7,175,257</u>
 Total Capital Assets, being depreciated	<u>4,957,179</u>	<u>472,969</u>	<u>-</u>	<u>5,430,148</u>
 Governmental Activities				
Total Capital Assets, net	<u>\$ 5,204,790</u>	<u>\$ 526,779</u>	<u>\$ (230,381)</u>	<u>\$ 5,501,188</u>

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Vendor	\$ 87,711	\$ 47,938	\$ 135,649
Payroll	56,981	5,498	62,479
Construction	31,564	102,596	134,160
Total	<u>\$ 176,256</u>	<u>\$ 156,032</u>	<u>\$ 332,288</u>

NOTE 7 LEASES

Town of Homer was not obligated under any operating lease commitments at December 31, 2012

NOTE 8 RISK MANAGEMENT

Town of Homer is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

NOTE 9 LONG-TERM DEBT

The following is a summary of debt transactions of Town of Homer, Louisiana for the year ended December 31, 2012

	Balance 1/1/2012	Issuances	Retirements	Balance 12/31/2012
Revenue Bonds - 1996 Issue	\$ 468,792	\$ -	\$ (11,272)	\$ 457,520
Revenue Bonds - 2009 Issue	1,765,000		(60,000)	1,705,000
Less Deferred Amounts	(16,844)		766	(16,078)
Balance, December 31, 2012	<u>\$ 2,216,948</u>	<u>\$ -</u>	<u>\$ (70,506)</u>	<u>\$ 2,146,442</u>

Bonds payable at December 31, 2012 are as follows

Revenue Bonds:

\$590,000 Sewer Revenue Bonds dated June 28, 1996, payable over a 40 year period in annual installments of \$32,267 including interest through November, 2035, interest at 3.75%

\$ 457,520

\$1,880,000 Utility Revenue Refunding Bonds dated December 27, 2009, payable in annual installments of \$55,000 - \$115,000 through December 1, 2034, interest ranging 3.25% to 5.375%

\$ 1,705,000

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 9 LONG TERM DEBT (CONTINUED)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2012, including interest payments of \$1,132,879 is as follows

Year Ending December 31	Revenue Bonds
2013	\$ 175,513
2014	173,563
2015	176,088
2016	178,417
2017	175,520
2018 and after	2,416,298
 Total	 \$ 3,295,399

NOTE 10 RETIREMENT PLANS

Substantially all employees of the Town of Homer are members of the following statewide retirement systems Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees

Under the Municipal Employees Retirement System, Plan A, employees are required to contribute 9.25% of their salary and the Town's contribution rate ranged from 16.75% - 17.00% of eligible salaries. Contributions under this plan for 2012 totaled \$46,837 based on eligible wages of \$277,614.

Under the Municipal Police Employees Retirement System, employees are required to contribute 7.5% of their salary and the Town's contribution rate ranged from 29% - 33.5% of eligible salaries. Contributions under this plan for 2012 totaled \$69,065 based on eligible wages of \$221,499.

NOTE 11 CONTINGENT LIABILITIES

During 2010, the Town settled a lawsuit. The Town paid \$25,000 in 2011 and will be required to pay two more installments of \$25,000 on June 1, 2012 and June 1, 2013.

During the year ended December 31, 2013, the Town settled a lawsuit for \$70,000.

TOWN OF HOMER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 12 ON-BEHALF PAYMENTS

Certain employees in the Town's police department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenue and expenditures for these payments in the Police Special Revenue Fund. Revenue and expenditures under this arrangement totaled \$37,000.

NOTE 13 PENDING LITIGATION

The Town is party to two lawsuits as defendant. Neither of the cases have been concluded and the resultant future recovery or liability cannot be determined, and no allowance therefore has been made in these statements. Legal representation for the Town estimates no significant monetary exposure for the Town.

NOTE 14 SUBSEQUENT EVENTS

The Town has evaluated subsequent events through August 29, 2013, the date on which the financial statements were available to be issued and determined that no additional disclosures are necessary.

NOTE 15 OTHER MATTERS

The Street Fund and the Police Fund had deficit fund balances at December 31, 2012 of \$59,260 and \$1,284,849 respectively. Subsequent to year end, the management of Town of Homer adopted a formal plan to eliminate the deficits by making operating transfers from the General Fund to the Street Fund and the Police Fund.

TOWN OF HOMER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV /(UNFAV)</u>
Revenues				
Taxes	\$ 631,500	\$ 690,500	\$ 737,258	\$ 46,758
Intergovernmental	-	60,000	8,389	(51,611)
Licenses and Permits	63,500	64,700	62,408	(2,292)
Charges for Services	8,300	6,000	6,400	400
Miscellaneous	18,450	34,750	31,907	(2,843)
Total Revenues	<u>721,750</u>	<u>855,950</u>	<u>846,362</u>	<u>(9,588)</u>
Expenditures				
General Government	348,690	449,235	547,235	(98,000)
Total Expenditures	<u>348,690</u>	<u>449,235</u>	<u>547,235</u>	<u>(98,000)</u>
Excess of revenues over expenditures before transfers	373,060	406,715	299,127	(107,588)
Transfers (to) from other funds	<u>(390,000)</u>	<u>(330,000)</u>	<u>114,780</u>	<u>444,780</u>
Excess of revenues over (under) expenses	(16,940)	76,715	413,907	337,192
Fund Balances, Beginning of Year	<u>635,096</u>	<u>635,096</u>	<u>635,096</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 618,156</u>	<u>\$ 711,811</u>	<u>\$ 1,049,003</u>	<u>\$ 337,192</u>

TOWN OF HOMER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV /(UNFAV)</u>
Revenues				
Taxes	\$ 245,000	\$ 252,000	\$ 290,714	\$ 38,714
Intergovernmental	-	7,980	9,330	1,350
Miscellaneous	28,180	900	839	(61)
Total Revenues	<u>273,180</u>	<u>260,880</u>	<u>300,883</u>	<u>40,003</u>
Expenditures				
Highways and streets	<u>263,628</u>	<u>286,528</u>	<u>296,534</u>	<u>(10,006)</u>
Total Expenditures	<u>263,628</u>	<u>286,528</u>	<u>296,534</u>	<u>(10,006)</u>
Increase (Decrease) in net assets before transfers	9,552	(25,648)	4,349	29,997
Transfers (to) from other funds	<u>-</u>	<u>-</u>	<u>(4,043)</u>	<u>(4,043)</u>
Excess of revenues over (under) expenses	9,552	(25,648)	306	25,954
Fund Balances, Beginning of Year	<u>(59,566)</u>	<u>(59,566)</u>	<u>(59,566)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (50,014)</u>	<u>\$ (85,214)</u>	<u>\$ (59,260)</u>	<u>\$ 25,954</u>

TOWN OF HOMER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL -
INDUSTRIAL DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV / (UNFAV)</u>
Revenues				
Taxes	\$ 81,000	\$ 81,000	\$ 96,905	\$ 15,905
Intergovernmental	-	17,000	56,688	39,688
Miscellaneous	800	2,000	2,938	938
Total Revenues	<u>81,800</u>	<u>100,000</u>	<u>156,531</u>	<u>56,531</u>
Expenditures				
Economic Development	<u>53,450</u>	<u>69,185</u>	<u>190,220</u>	<u>(121,035)</u>
Total Expenditures	<u>53,450</u>	<u>69,185</u>	<u>190,220</u>	<u>(121,035)</u>
Increase (Decrease) in net assets before transfers	28,350	30,815	(33,689)	(64,504)
Transfers (to) from other funds	<u>60,000</u>	<u>5,000</u>	<u>(28,309)</u>	<u>(33,309)</u>
Excess of revenues over (under) expenses	88,350	35,815	(61,998)	(97,813)
Fund Balances, Beginning of Year	<u>450,546</u>	<u>450,546</u>	<u>450,546</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 538,896</u>	<u>\$ 486,361</u>	<u>\$ 388,548</u>	<u>\$ (97,813)</u>

TOWN OF HOMER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV / (UNFAV)</u>
Revenues				
Taxes	\$ 150,000	\$ 150,000	\$ 169,583	\$ 19,583
Intergovernmental	42,000	42,000	37,000	(5,000)
Fines	78,500	79,000	51,720	(27,280)
Miscellaneous	1,810	1,350	312	(1,038)
Total Revenues	<u>272,310</u>	<u>272,350</u>	<u>258,615</u>	<u>(13,735)</u>
Expenditures				
Public Safety	632,300	639,750	642,222	(2,472)
Total Expenditures	<u>632,300</u>	<u>639,750</u>	<u>642,222</u>	<u>(2,472)</u>
Excess of revenues over expenditures before transfers	(359,990)	(367,400)	(383,607)	(16,207)
Transfers (to) from other funds	<u>360,000</u>	<u>360,000</u>	<u>(1,799)</u>	<u>(361,799)</u>
Excess of revenues over (under) expenses	10	(7,400)	(385,406)	(378,006)
Fund Balances, Beginning of Year	<u>(899,443)</u>	<u>(899,443)</u>	<u>(899,443)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (899,433)</u>	<u>\$ (906,843)</u>	<u>\$ (1,284,849)</u>	<u>\$ (378,006)</u>

TOWN OF HOMER, LOUISIANA
Balance Sheet
NonMajor Governmental Funds- Special Revenue Funds
December 31, 2012

	<u>Fire</u>	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Total</u>
Assets					
Cash	\$ 97,883	\$ 22,410	\$ 5,852	\$ 15,273	\$ 141,418
Grants and contracts receivable	4,801	10,803	4,801	-	20,405
Due from other Funds	-	-	214,830	-	214,830
Deposits	-	-	-	-	-
Total Assets	\$ 102,684	\$ 33,213	\$ 225,483	\$ 15,273	\$ 376,653
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 1,807	\$ 16,469	\$ -	\$ 1,093	\$ 19,369
Due to other funds	24,353	61,351	-	14,582	100,286
Total Liabilities	26,160	77,820	-	15,675	119,655
Fund Balances					
Assigned	76,524	(44,607)	225,483	(402)	256,998
Total Fund Balances	76,524	(44,607)	225,483	(402)	256,998
Total Liabilities and Fund Balances	\$ 102,684	\$ 33,213	\$ 225,483	\$ 15,273	\$ 376,653

TOWN OF HOMER, LOUISIANA

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Special Revenue Funds
For the Year Ended December 31, 2012

	<u>Fire</u>	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Totals</u>
<u>REVENUES</u>					
Revenues.					
Taxes	\$48,452	\$109,018	\$ 48,452	\$ 15,000	\$ 220,922
Intergovernmental	25,000	-	-	-	25,000
Charges for services	788	-	-	-	788
Donations	-	-	-	-	-
Other revenues	248	218	55	21	542
Total Revenues	74,488	109,236	48,507	15,021	247,252
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public Safety	61,021	-	-	-	61,021
Culture & Recreation	-	122,344	-	-	122,344
Economic Development	-	-	-	12,662	12,662
Total Expenditures	61,021	122,344	-	12,662	196,027
Excess (deficiency) of revenues over expenditures	13,467	(13,108)	48,507	2,359	51,225
<u>OTHER FINANCING SERVICES (USES)</u>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(242)	(81)	-	(161)	(484)
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,225	(13,189)	48,507	2,198	50,741
<u>FUND BALANCES</u>					
Beginning of year	63,299	(31,418)	176,976	(2,600)	206,257
End of year	\$76,524	\$ (44,607)	\$ 225,483	\$ (402)	\$ 256,998

TOWN OF HOMER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND
TOWN SELECTMEN

YEAR ENDED DECEMBER 31, 2012

Alicia Smith, Mayor	\$ 48,000
Patricia Jenkins	4,800
Don McCalman	4,800
Michael J Wade	4,800
Linda Mozeke	4,800
Carlette Sanford	<u>4,800</u>
 Total	 <u>\$ 72,000</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Mayor and Board of Selectmen
Homer, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate fund information of Town of Homer, Louisiana, as of and for the year then ended December 31, 2012, and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated August 29, 2013

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Homer's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings to be material weaknesses and are reported as Findings #2012-1, #2012-2, #2012-4, #2012-5, #2012-6, and #2012-9.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Homer's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed

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instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are reported in the accompanying schedule of findings as Findings#2012-3, #2012-7, #2012-8, #2012-10, #2012-11, #2012-12, and #2012-13

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document



Certified Public Accountant
August 29, 2013

Town of Homer, Louisiana

Schedule of Findings

Year Ended December 31, 2012

Summary of Audit Results

1. The auditor's report expresses unqualified opinions on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Homer. Due to the omission of the financial statements of Homer Medical Hospital, a component unit of the Town, the auditor's report expresses an adverse opinion on the aggregate discretely presented component units. Homer Memorial Hospital issues separate audited financial statements.
2. Six deficiencies are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiencies are considered to be material weaknesses.
3. Seven instances of noncompliance material to the financial statements were disclosed during the audit.

FINDING 2012-1: Customer utility accounts are not properly reconciled and managed

CRITERIA

The customer receivable balances reflected in the general ledger are not reconciled to the customer balances recorded in the utility billing system.

The customer meter deposits liability balance reflected in the general ledger is not reconciled to the customer meter balances in the utility billing system.

Billing adjustments are not clearly documented and do not evidence written approval by a Town official.

Services are not terminated on all customers who do not pay their bills on time. I noted four customers with balances over \$500 and five customers with balances over \$1,000 that were receiving water service at year end while their bills were past due. At year end, twenty two percent of active balances were sixty (60) to one hundred twenty (120) days past due.

The mayor, a selectmen and six employees of the Town customer balances were past due at year end.

EFFECT The Town is not properly managing utility receivables resulting in lost revenue.

CAUSE: Unknown. There have been weaknesses in this area of the Town's internal control for several years.

RECOMMENDATION: I recommend detail accounts receivable and customer deposits totals on the computer system be reconciled with amounts in the general ledger on a monthly basis. I recommend the Town formally adopt a cutoff policy for customers who do not pay their bills on a timely basis.

Town of Homer, Louisiana

Schedule of Findings (Continued)

Year Ended December 31, 2012

FINDING 2012-2: The Town did not make monthly payments from the General Fund for amounts owed to the Industrial Development Fund

CRITERIA In prior years, previous administrations improperly transferred funds from the Industrial Development Fund to the General Fund. No amounts were repaid during 2012.

EFFECT Revenues that were designated for industrial development were spent for general purposes rather than their intended use.

CAUSE: Management stated general funds were not available in 2012 to make monthly payments to the Industrial Development Fund.

RECOMMENDATION: I recommend the General Fund make monthly payments to the Industrial Development Fund until the balance of \$175,658 is paid in full.

FINDING 2012-3: The Town does not have an approved travel policy in place.

CRITERIA The mileage rate used for reimbursement was more than allowed by Internal Service Regulations. I noted three instances where the Town paid for alcohol which is prohibited by the state law. I noted one instance where per diem was paid for meals and meals were charged on the Town's credit card during the same time period. I noticed instances in which per diem was paid for single day travel. Registration forms were not available to determine if the conferences attended benefitted the Town. Although the Town has an account with Fuelman, I noted instances where gasoline was purchased at a gasoline station or convenience store.

I noted that, although the Mayor receives a \$200 monthly allowance for travel for use of her personal vehicle, she was reimbursed for mileage during the year.

EFFECT: The Town could be in violation of Article VII, Section 14 of the Louisiana State Constitution.

CAUSE: The Town does not have an approved travel policy in place.

RECOMMENDATION: I recommend the Town adopt written policies and procedures for travel and expense reimbursement, and that these policies and procedures be adopted by the Town Selectmen.

FINDING 2012-4: Documentation for charges to the Town's Visa credit card is inadequate.

CRITERIA All charges should have adequate documentation and explanation as to how the charges benefit the Town of Homer. I noted charges for meals that had no documentation as to the person eating the meal or explanation as to how the meal benefitted the Town. I noted charges to Apple iTunes that had no documentation as to how the charge benefitted the Town. By law, the Town is exempt from paying sales tax on purchases. I noted purchases on the credit card where sales tax was charged and the Town paid the sales tax. Although purchase orders were used, the majority of the purchase orders were not signed.

EFFECT: The Town could be in violation Article VII, Section 14 of the Louisiana State Constitution.

Town of Homer, Louisiana
Schedule of Findings (Continued)
Year Ended December 31, 2012

FINDING 2012-4: (Continued)

CAUSE: The cause is lack of knowledge of people utilizing the card

RECOMMENDATION: I recommend the Town adopt written policies and procedures for credit cards, and these policies and procedures be adopted by the Town Selectmen

FINDING 2012-5: Vendor payments are not always paid timely

CRITERIA When vendor payments are not made on a timely basis, the Town is subject to paying late charges For example, the Visa bill was paid late every month and incurred finance charges Invoices from contractors were not paid on a timely basis.

EFFECT Paying vendor invoices late results in misusing public funds and creates an atmosphere that the Town is unable to pay its bills or manage the resources entrusted by its taxpayers.

CAUSE: The cause is due to lack of cash flow and payments to settle lawsuits

RECOMMENDATION: I recommend the Town require vendor and contractor invoices be paid timely by establishing time tables to pay all outstanding invoices I recommend a list of all unpaid bills documenting the invoice amount, invoice date, and due date be provided at each meeting of the Board of Selectmen.

FINDING 2012-6: State law provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation The Town made payments to organizations without a cooperative endeavor agreement in place

CRITERIA: The Town of Homer made disbursements to the following organizations without a cooperative endeavor agreement in place.

Mayfield Youth Sports Association	\$7,000
Claiborne Boys & Girls Club	\$7,500
Claiborne Council on Aging, Inc	\$1,200
Claiborne Fireworks	\$ 500

There were three checks written to Mayfield Youth Sports Association Two of the checks were endorsed by the recreation director and a selectman The third check was endorsed by the recreation director

EFFECT The Town could be in violation of Article VII, Section 14 of the Louisiana State Constitution

CAUSE: The cause is due to lack of knowledge of Town staff regarding the requirements of cooperative endeavor agreements

RECOMMENDATION: I recommend that cooperative endeavor agreements be used whenever disbursements are made to qualifying organizations

Town of Homer, Louisiana
Schedule of Findings (Continued)
Year Ended December 31, 2012

FINDING 2012-7: The Town is not in compliance with the documentation requirements of grants

CRITERIA Grant revenue and expenditures are not posted in the general ledger for each grant the Town receives. Requests for payments and contract invoices were not available and had to be obtained from the grantor and contractors.

A draw on the Community Development Block Grant was not disbursed within three days of receipt.

EFFECT Grant records are not complete for each individual grant

CAUSE: The Town Clerk was responsible for the grant files. The Clerk resigned abruptly and the files could not be located

RECOMMENDATION: I recommend the Town comply with the document requirements and funds disbursement requirements of grants. I recommend invoices from contractors be paid on a timely basis.

FINDING 2012-8: Monthly reports to the Municipal Retirement System and the Municipal Police Retirement System were not filed on time nor paid on time.

CRITERIA Monthly reports to the Municipal Retirement System and the Municipal Police Retirement System are due on the 10th of the month. The Town filed and paid all reports late thereby incurring late charges.

EFFECT The Town is not in compliance with state law as it pertains to retirement systems.

CAUSE: The responsibilities of the Town Treasurer were not performed on a timely basis.

RECOMMENDATION: I recommend the monthly reports to the Municipal Retirement System and the Municipal Police Retirement System be filed and paid on a timely basis.

FINDING 2012-9: Personnel files are inadequate.

CRITERIA: I examined 19 personnel files and found the following: eight files did not include current withholding documents, fourteen did not include job applications, and eight did not include documentation for rate of pay.

EFFECT Salary levels and payroll withholdings cannot be verified.

CAUSE: The cause is due to oversight by Town management.

RECOMMENDATION: I recommend personnel files be updated to include job descriptions, rate of pay, and current withholding forms.

Town of Homer, Louisiana
Schedule of Findings (Continued)
Year Ended December 31, 2012

FINDING 2012-10: The Town is not in compliance with Internal Revenue Service rules and regulations

CRITERIA Eight employees are paid monthly travel and/or cell phone allowances. These amounts are not included on the employee's W-2. Payroll tax deposits were not made on a timely basis for two quarters resulting in penalties of \$1,860. The Town paid an artist \$2,900 for a mural for the Claiborne Jubilee. The Town did not obtain an invoice from the artist, and did not report the payment to the Internal Revenue Service on Form 1099. I noted the Town also did not report contract services paid to the Public Relations Director or the Town's Financial Consultant to the Internal Revenue Service on Form 1099.

EFFECT The Town is not in compliance with Internal Revenue Service rules and regulations

CAUSE: The cause is due to lack of knowledge of Town staff

RECOMMENDATION: I recommend the Town comply with Internal Revenue Service rules and regulations

FINDING 2012-11: Minutes of meetings of the Board of Selectmen were not published on a timely basis

CRITERIA Louisiana Revised Statute 43:144 requires minutes to be published within ten days from the date of any meeting at which official proceedings were held.

EFFECT

The Town is not in compliance with state law as it pertains to publishing minutes of meeting of the Board of Selectmen

CAUSE: The cause is due to lack of knowledge of Town staff

RECOMMENDATION: I recommend the Town comply with state law regarding the publication of meetings of the Board of Selectmen

FINDING 2012-12 The Town is not in compliance with the Local Government Budget Act

CRITERIA Although budgets were amended, actual expenditures exceed budgeted amounts by more than 5% in the General and Industrial Development Funds. A deficit was budgeted in the Street Fund and the Police Fund.

EFFECT The Town is not in compliance with state law as it pertains to budgeting

CAUSE: The Town bases its budget on information from its accounting system. When year end adjustments are made to the accounting records, the ending actual information differs from the information used to prepare the budget

RECOMMENDATION: I recommend the Town comply with the Local Government Budget Act.

Town of Homer, Louisiana

Schedule of Findings (Continued)

Year Ended December 31, 2012

FINDING 2012-13 The financial statements were not filed with the Louisiana Legislative Auditor within the time frame required by state law

CRITERIA Annual financial statements are required by state law to be filed with the Legislative Auditor's Office no later than June 30 of the following year

EFFECT The Town is not in compliance with state law

CAUSE: The cause is due to turnover of personnel and an unusual amount of daily public information requests.

RECOMMENDATION: I recommend the Town file its financial statements with the Louisiana Legislative Auditor within the time frame required by state law

TOWN OF HOMER

Corrective Action Taken on Prior Year Findings

For the Year Ended December 31, 2012

FINDING 2011-1.

Utility Receivables are Not Properly Reconciled and Managed

Status: Unresolved

FINDING 2011-2.

Amounts due to the Industrial Development Fund have not been repaid

Status: Unresolved

FINDING 2011-3

The Town is not in compliance with the Local Government Budget Act

Status: Unresolved.

FINDING 2011-4.

Receipts are not Deposited on a Timely Basis

Status Resolved October 1, 2012.

FINDING 2011-5.

Monthly reports to Municipal Retirement Systems were not filed by the due date.

Status: Unresolved

FINDING 2011-6.

The financial statements were not filed with the Louisiana Legislative Auditor within the time frame required by state law

Status: Unresolved

TOWN OF HOMER

ALECIA N. SMITH
MAYOR

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September 4, 2013

Mrs. Marsha O. Millican
810 Wilkinson
Shreveport, LA 71104-3036

Re: Responses to 2012 Audit Schedule Findings
Year Ended December 31, 2012

Dear Mrs. Millican:

In response to the 2012 audit report, the Town of Homer offers the following responses:

Response 2012-1

The Town of Homer will reorganize the business office and assign specific duties of customer utility accounts to a "utility clerk." This employee will come from the current staff and be responsible for reconciling meter deposits and customer receivable balances.

The Billing Adjustment Request Form will be executed according to town policy and all adjustments will be approved by the treasurer and/or mayor.

Further, the town will be more aggressive with collections and enforcing the shut-off policy. While there are noticeable concerns with the UBS (Utility Billing System) and its software it will be addressed with the new meters and software being installed this fall. All officials and staff will be expected to comply with paying utility bills on time; however according to the water department staff, town does not have a policy in place for customers to maintain a zero balance or paid in full status.

Response 2012-2

This finding is continuation of an issue that happened during a prior administration and noted in the 2008 audit. The town has been challenged to pay this outstanding balance due to the lack of available findings.

The mayor and council will discuss ways to reduce this outstanding balance owed to the General Fund from the Industrial Fund.

TOWN OF HOMER

ALECIA N. SMITH
MAYOR

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Response 2012-3

The Town of Homer did not have a travel policy adopted/approved by the town council in 2012. The mayor and other town officials/staff used a standard \$0.56 per mile which was in line with the 2012 Federal IRS business mileage rate of \$0.55.5.

The Town of Homer has provided a monthly travel allowance for its mayor since the 1990s for local travel and use of their personal vehicle. Reimbursements for mileage were for non-local travel (outside of the corporate limits of Homer) and usage of her personal vehicle. It is believed that this is consistent with elected officials who serve in similar capacities and drive their personal vehicle.

Regarding the Fuelman card, the town uses various methods to purchase fuel. While not often, there have been instances where fuel purchases were necessary from gasoline stations and/or convenient stores directly. In each instance, it was approved for legitimate city business.

Response 2012-4

The Town of Homer did not have an approved credit card policy in 2012.

The town concurs regarding the need to document the purpose and public benefit of each transaction, and has implemented a detailed form that accompanies each credit card transaction as of the first quarter of 2013.

The town will review and implement a procedure to insure sales taxes are not charges on credit card purchases. Also, all future purchases orders will be signed as required.

Response 2012-5

Vendor bills arrive periodically and are paid as funds are available. Most invoices require approval from the department head which further delays processing. However, the town will develop a stronger more efficient method of reviewing, approving and paying invoices submitted for payment.

TOWN OF HOMER

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Response 2012-6

Disbursements made to all non-profits organizations were all approved by the town council and budgeted. All of these organizations have longstanding relationships in the town and serve the community well. Cooperative endeavor agreements are on file with these organizations.

The town is not aware of a councilman endorsing a check in 2012, however it is known that the part-time recreational director has a role with Mayfield Youth Sports Association. This is a similar arrangement to the role of the former part-time attorney who serves as president of the Homer Recreation Association and was serving in both roles concurrently- as well as being a recipient of the disbursements for the Homer Recreation Association.

Disbursement to Mayfield Youth Sports Association were endorsed and deposited into Richland State Bank by an organization officer.

Response 2012-7

The town concurs with this finding. Grant files are maintained by the Town clerk. A new town clerk has been hired and is reviewing all grants for compliance.

Response 2012-8

The town concurs with this finding. Systems are in place to ensure compliance and payments are made to the retirement systems timely.

Response 2012-9

The town concurs with this finding. A new town clerk has been appointed and is updating all personnel files. Job descriptions, pay rate and withholding forms are being updated to the files.

Response 2012-10

The town will adhere and comply in the future

STATE OF LOUISIANA, PARISH OF CLAIBORNE

TOWN OF HOMER

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ALECIA N. SMITH
MAYOR

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Response 2012-11

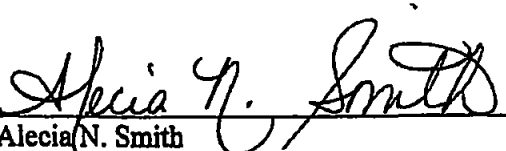
The town will adhere and comply in the future

Response 2012-12

The town will adhere and comply in the future.

Response 2012-13

The town will adhere and comply in the future.



Alecia N. Smith
Mayor, Town of Homer