

**TOWN OF HOMER  
HOMER, LOUISIANA**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**TOWN OF HOMER  
HOMER, LOUISIANA**

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## INDEPENDENT AUDITOR'S REPORT

**To the Honorable Xanthe Seals, Mayor,  
and Members of the Board of Selectmen  
Town of Homer, Louisiana**

### **Report on the Financial Statements**

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 Homer, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Homer'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***

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*. Those standards and the Guide require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 of the Town of Homer, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis, the schedule of employer's proportionate share of net pension liability, and the schedule of employer's contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Homer's basic financial statements. The combining nonmajor fund financial statements; the schedule of compensation to the Mayor and Board of Selectmen; the schedule of compensation to the Mayor and Board of Selectmen; and the schedule of compensation benefits, reimbursements and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Town of Homer  
Independent Auditor's Report  
December 31, 2019

The combining nonmajor fund financial statements; the schedule of compensation to the Mayor and Board of Selectmen; the schedule of compensation benefits, reimbursements, and other payments to agency head; and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Town of Homer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Homer's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Homer's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana  
June 30, 2021

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF HOMER  
HOMER, LOUISIANA**

**STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 380,138	\$ 137,125	\$ 517,263
Cash and cash equivalents - restricted	-	868,339	868,339
Receivables, net of allowance for uncollectibles	255,728	116,630	372,358
Internal balances	(11,672)	11,672	-
Capital assets not being depreciated	226,492	8,664,223	8,890,715
Capital assets, net of accumulated depreciation	3,360,390	4,073,289	7,433,679
Other assets	2,130	-	2,130
<b>TOTAL ASSETS</b>	<b>4,213,206</b>	<b>13,871,278</b>	<b>18,084,484</b>
<b>DEFERRED OUTFLOWS</b>			
Pension related	297,422	64,218	361,640
<b>LIABILITIES</b>			
Accounts payable	117,796	160,576	278,372
Payroll and related liabilities	53,883	8,670	62,553
Accrued liabilities	1,350	-	1,350
Accrued interest payable	-	67,560	67,560
Customer deposits payable	-	128,136	128,136
Noncurrent liabilities:			
Due within one year	-	221,000	221,000
Due in more than one year	-	7,347,835	7,347,835
Net pension liability	1,161,713	226,837	1,388,550
<b>TOTAL LIABILITIES</b>	<b>1,334,742</b>	<b>8,160,614</b>	<b>9,495,356</b>
<b>DEFERRED INFLOWS</b>			
Pension related	124,483	5,534	130,017
<b>NET POSITION</b>			
Net investment in capital assets	3,586,882	5,168,677	8,755,559
Unrestricted net position	(535,479)	600,671	65,192
<b>TOTAL NET POSITION</b>	<b>\$ 3,051,403</b>	<b>\$ 5,769,348</b>	<b>\$ 8,820,751</b>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities:							
General government	\$ 893,533	\$ 91,011	\$ -	\$ -	\$ (802,522)		\$ (802,522)
Public safety	1,038,185	41,664	58,750	-	(937,771)		(937,771)
Highways and streets	370,594	-	6,660	-	(363,934)		(363,934)
Health and welfare	38,419	-	-	-	(38,419)		(38,419)
Culture and recreation	397,122	-	-	-	(397,122)		(397,122)
Economic development	205,830	1,011	57,846	-	(146,973)		(146,973)
Total governmental activities	<u>2,943,683</u>	<u>133,686</u>	<u>123,256</u>	<u>-</u>	<u>(2,686,741)</u>		<u>(2,686,741)</u>
Business-type activities:							
Utility operations	1,360,309	1,207,473	-	218,685		\$ 65,849	65,849
Interest expense	195,751	-	-	-		(195,751)	(195,751)
Total business-type activities	<u>1,556,060</u>	<u>1,207,473</u>	<u>-</u>	<u>218,685</u>		<u>(129,902)</u>	<u>(129,902)</u>
Total primary government	<u>\$ 4,499,743</u>	<u>\$ 1,341,159</u>	<u>\$ 123,256</u>	<u>\$ 218,685</u>	<u>(2,686,741)</u>	<u>(129,902)</u>	<u>(2,816,643)</u>
General revenues:							
Property taxes					123,237	-	123,237
Sales and use taxes					1,280,846	334,445	1,615,291
Franchise taxes					83,634	-	83,634
Other taxes, penalties and interest					140,323	-	140,323
Unrestricted investment earnings					5,465	25,106	30,571
Other					200,923	34,848	235,771
Transfers					342,522	(342,522)	-
Total general revenues and transfers					<u>2,176,950</u>	<u>51,877</u>	<u>2,228,827</u>
<b>Change in net position</b>					<u>(509,791)</u>	<u>(78,025)</u>	<u>(587,816)</u>
Net position at beginning of year, restated					<u>3,561,194</u>	<u>5,847,373</u>	<u>9,408,567</u>
<b>Net position at end of year</b>					<u>\$ 3,051,403</u>	<u>\$ 5,769,348</u>	<u>\$ 8,820,751</u>

*The accompanying notes are an integral part of these financial statements.*



**TOWN OF HOMER  
HOMER, LOUISIANA**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF DECEMBER 31, 2019**

	<b>General</b>	<b>Street</b>	<b>Industrial Development</b>	<b>Police</b>	<b>Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 105,811	\$ 4,621	\$ 101,871	\$ 1,713	\$ 13,182	\$ 152,940	\$ 380,138
Receivables, net	177,937	19,750	4,553	33,106	9,924	10,458	255,728
Due from other funds	-	4,242	-	17,262	-	687	22,191
Other assets	2,130	-	-	-	-	-	2,130
<b>TOTAL ASSETS</b>	<b>\$ 285,878</b>	<b>\$ 28,613</b>	<b>\$ 106,424</b>	<b>\$ 52,081</b>	<b>\$ 23,106</b>	<b>\$ 164,085</b>	<b>\$ 660,187</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 2,322	\$ 2,170	\$ 104,780	\$ 5,257	\$ 2,324	\$ 943	\$ 117,796
Payroll and related liabilities	35,742	3,045	-	14,503	-	593	53,883
Accrued liabilities	1,350	-	-	-	-	-	1,350
Unearned revenue	16,302	-	-	-	-	-	16,302
Due to other funds	33,863	-	-	-	-	-	33,863
<b>Total liabilities</b>	<b>89,579</b>	<b>5,215</b>	<b>104,780</b>	<b>19,760</b>	<b>2,324</b>	<b>1,536</b>	<b>223,194</b>
Fund balances:							
Restricted fund balances	-	23,398	1,644	32,321	20,782	162,549	240,694
Unassigned fund balances	196,299	-	-	-	-	-	196,299
<b>Total fund balances</b>	<b>196,299</b>	<b>23,398</b>	<b>1,644</b>	<b>32,321</b>	<b>20,782</b>	<b>162,549</b>	<b>436,993</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 285,878</b>	<b>\$ 28,613</b>	<b>\$ 106,424</b>	<b>\$ 52,081</b>	<b>\$ 23,106</b>	<b>\$ 164,085</b>	<b>\$ 660,187</b>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2019**

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Total fund balances - governmental funds	\$ 436,993
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources	3,586,882
Unearned revenue from the fund financial statements recognized in the government-wide financial statements	16,302
Deferred items for pension related items are not reported in the fund statements:	
Deferred outflows	297,422
Deferred inflows	(124,483)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Net pension liability	<u>(1,161,713)</u>
Net position of governmental activities	<u>\$ 3,051,403</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>General</b>	<b>Street</b>	<b>Industrial Development</b>	<b>Police</b>	<b>Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
Revenues:							
Taxes:							
Ad valorem	\$ 122,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,615
Sales and use	542,341	203,778	-	326,474	100,750	107,503	1,280,846
Franchise	83,634	-	-	-	-	-	83,634
Other taxes, penalties and interest	121,541	-	-	-	-	18,782	140,323
Licenses and permits	68,171	-	-	-	-	-	68,171
Intergovernmental:							
Federal funds	-	-	40,981	-	-	-	40,981
State funds:							
Fire insurance rebate	-	-	-	-	-	25,000	25,000
Supplemental pay	-	-	-	33,750	-	-	33,750
Other state funds	-	6,660	16,865	-	-	-	23,525
Charges for services	16,890	-	-	5,920	-	120	22,930
Fines	-	-	-	35,624	-	-	35,624
Lease income	5,950	-	1,011	-	-	-	6,961
Interest earned	1,739	89	1,038	118	319	2,162	5,465
Other revenues	25,088	19,362	-	42,281	3,627	6,278	96,636
<b>Total revenues</b>	<b>987,969</b>	<b>229,889</b>	<b>59,895</b>	<b>444,167</b>	<b>104,696</b>	<b>159,845</b>	<b>1,986,461</b>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>General</b>	<b>Street</b>	<b>Industrial Development</b>	<b>Police</b>	<b>Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
Expenditures:							
Current:							
General government:							
Legislative	24,000	-	-	-	-	-	24,000
Finance and administrative	299,924	-	-	-	-	-	299,924
Other general government	282,209	-	-	-	-	-	282,209
Public safety:							
Department of Motor Vehicles	21,959	-	-	-	-	-	21,959
Police Department	-	-	-	885,195	-	-	885,195
Fire Department	-	-	-	-	-	97,958	97,958
Highways and streets	-	324,525	-	-	-	-	324,525
Health and welfare	26,065	12,354	-	-	-	-	38,419
Culture and recreation	17,500	-	-	-	367,672	1,220	386,392
Economic development	-	-	61,521	-	-	20,368	81,889
Capital outlay	-	-	57,847	-	40,000	-	97,847
Total expenditures	<u>671,657</u>	<u>336,879</u>	<u>119,368</u>	<u>885,195</u>	<u>407,672</u>	<u>119,546</u>	<u>2,540,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,312</u>	<u>(106,990)</u>	<u>(59,473)</u>	<u>(441,028)</u>	<u>(302,976)</u>	<u>40,299</u>	<u>(553,856)</u>
Other financing sources (uses):							
Operating transfers in	71,856	103,781	12,000	457,278	288,300	29,100	962,315
Operating transfers out	(546,647)	-	-	-	-	(73,146)	(619,793)
Total other financing sources and uses	<u>(474,791)</u>	<u>103,781</u>	<u>12,000</u>	<u>457,278</u>	<u>288,300</u>	<u>(44,046)</u>	<u>342,522</u>
Net change in fund balances	(158,479)	(3,209)	(47,473)	16,250	(14,676)	(3,747)	(211,334)
Fund balances at beginning of year, restated	354,778	26,607	49,117	16,071	35,458	166,296	648,327
Fund balances at end of year	<u>\$ 196,299</u>	<u>\$ 23,398</u>	<u>\$ 1,644</u>	<u>\$ 32,321</u>	<u>\$ 20,782</u>	<u>\$ 162,549</u>	<u>\$ 436,993</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Net change in fund balances - total governmental funds	\$ (211,334)
<p>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.</p>	
Capital outlay	97,847
Depreciation	(228,014)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Revenues deferred in the prior year	(15,680)
Revenues deferred in the current year	16,302
<p>Payments of long-term debt, including contributions to the retirement systems, are reported as expenditures in governmental funds. However, these amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities.</p>	
Pension expense	(273,199)
Contributions to pension plan from third parties	<u>104,287</u>
Change in net position of governmental activities	<u><u>\$ (509,791)</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2019**

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 137,125
Receivables, net	116,630
Due from other funds	11,672
Total current assets	<u>265,427</u>

Noncurrent assets:

Cash and cash equivalents - restricted	868,339
Capital assets, net	12,737,512
Total noncurrent assets	<u>13,605,851</u>

**TOTAL ASSETS** 13,871,278

**DEFERRED OUTFLOWS**

Deferred Outflows 64,218

**LIABILITIES**

Current liabilities:

Accounts payable	160,576
Accrued interest on revenue bonds	67,560
Payroll and related liabilities	8,670
Customer deposits payable	128,136
Current portion of Long-term Liabilities	221,000
Total current liabilities	<u>585,942</u>

Noncurrent liabilities:

Noncurrent portion of Long-term Liabilities	7,347,835
Net Pension Liability	226,837
Total noncurrent liabilities	<u>7,574,672</u>

**Total liabilities** 8,160,614

**DEFERRED INFLOWS**

Deferred Inflows 5,534

**NET POSITION**

Net investment in capital assets	5,168,677
Unrestricted net position	600,671
<b>TOTAL NET POSITION</b>	<u>\$ 5,769,348</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Operating revenues:	
Charges for sales and services:	
Water charges	\$ 852,217
Sewer charges	345,514
Garbage charges	9,742
Total operating revenues	<u>1,207,473</u>
Operating expenses:	
Depreciation expense	259,095
Insurance expense	27,710
Maintenance and repair	63,487
Materials and supplies	37,810
Operating costs	399,058
Other expenses	103,589
Professional fees	12,743
Salaries and related benefits	380,945
Utilities	75,872
Total operating expenses	<u>1,360,309</u>
Operating income (loss)	<u>(152,836)</u>
Nonoperating revenues (expenses):	
Sales and use taxes	334,445
Intergovernmental revenues	218,685
Interest earned	25,106
Other revenues	34,848
Interest expense	(195,751)
Total nonoperating revenue (expenses)	<u>417,333</u>
Income (loss) before transfers	<u>264,497</u>
Transfers out	<u>(342,522)</u>
<b>Change in net position</b>	<b>(78,025)</b>
Net position at beginning of year, restated	<u>5,847,373</u>
<b>Net position at end of year</b>	<b><u>\$ 5,769,348</u></b>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF HOMER  
HOMER, LOUISIANA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Cash flows from operating activities:	
Receipts from customers and users	\$ 1,190,845
Payments to suppliers	(878,716)
Payments to employees	(223,418)
<b>Net cash provided by operating activities</b>	<u>88,711</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	(342,522)
Proceeds from sales taxes	334,201
Other receipts	35,374
<b>Net cash provided by noncapital and related financing activities</b>	<u>27,053</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	2,593,573
Proceeds from capital grants	256,711
Purchases of capital assets	(2,485,462)
Principal paid on capital debt	(307,000)
Interest paid on capital debt	(187,075)
<b>Net cash used by capital and related financing activities</b>	<u>(129,253)</u>
Cash flows from investing activities:	
Interest received	25,106
<b>Net cash provided by investing activities</b>	<u>25,106</u>
Net increase (decrease) in cash and cash equivalents	11,617
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	993,847
<b>Cash and cash equivalents, end of year (including amounts in restricted accounts)</b>	<u>\$ 1,005,464</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (152,836)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation expense	259,095
(Increase) decrease in accounts receivable	(16,628)
(Increase) decrease in interfund balances	(11,672)
Increase (decrease) in accounts payable	6,290
Increase (decrease) in payroll related liabilities	8,671
Increase (decrease) in customer deposits	2,658
Increase (decrease) in accrued liabilities	(6,867)
Total adjustments	<u>241,547</u>
<b>Net cash provided by operating activities</b>	<u>\$ 88,711</u>
<b>Noncash investing, capital, and financing activities:</b>	
None	

*The accompanying notes are an integral part of these financial statements.*



**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Homer, Louisiana, (the Town) 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.

The accompanying basic financial statements of the Town of Homer have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary fund as of and for the year ended December 31, 2019.

**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, the 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 the 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.

**Basis of Presentation**

The financial report consists of the basic financial statements, notes to basic financial statements and required supplementary information. The basic financial statements include the government-wide financial statements, fund financial statements, and the notes to the basic financial statements.

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Major revenues such as ad valorem taxes, franchise taxes, licenses, and interest are all considered to be susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the Town by reporting each in a separate column.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The fund financial statements report the Town as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered sixty days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities which are recognized when due.
- The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The Town does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

Although the financial statements presented in each of these three schedules contain “total” columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

Major funds are those whose revenues, expenditures/expenses, assets, or liabilities are at least ten percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the form of a single set of notes to the basic financial statements.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The major governmental funds of the Town are the General Fund, the Street Fund, the Industrial Development Fund, and the Police Fund.

The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Street Special Revenue Fund accounts for a sales tax levied for the purpose of maintaining streets.

The Industrial Development Fund accounts for sales taxes and grants for the purpose of developing industry in the Town.

The Police Fund accounts for the operations of the police department financed by sales taxes, grants, fines, and transfers from the General Fund.

The Recreation Special Revenue Fund accounts for a sales tax levied for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining public parks and recreational facilities including recreational equipment, materials, supplies, and accessories, recreational buildings, and facilities, including public pools and parks and for salaries and benefits for recreational purposes.

The Town reports one enterprise fund that accounts for the operation of the water system, sewer system, and garbage services.

**Assets, Liabilities, and Net Position, Equity, or Net Fund Balances**

*Cash and Investments*

The Town Clerk pools those cash resources for which she is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the Fund that holds the investment.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position, Equity, or Net Fund Balances (Continued)**

*Receivables and Payables*

Activity between funds that is outstanding at the end the fiscal year is referred to as either “due to or 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All internal balances are eliminated in the total primary government column. Receivables include all amounts susceptible to accrual that have not been collected at December 31 but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected at December 31. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied by the Town in September or October, are actually billed in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. Property taxes are collected by the Sheriff using the assessed value determined by the assessor of Claiborne Parish. For the year ended December 31, 2019, taxes of 8.45 mills were levied on property with assessed valuations totaling \$14,650,610. The taxes are levied for general operating purposes.

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Hays, James Michael	\$ 1,875,583	13%	\$ 15,849
First Guaranty Bank	382,680	3%	3,234
Gibbsland Bank & Trust	368,230	3%	3,112
Hunt Telecommunciation	355,925	2%	2,523
Centerpoint Energy - Arkl	28,091	0%	2,374
Industrial Packaging Corp.	205,411	1%	1,736
Hibernia National Bank	183,070	1%	1,547
Entergy Louisiana, Inc.	2,109,400	14%	1,430
Cordell Properties, LLC	167,144	1%	1,412
Brookshire Food Stores, Inc.	165,259	1%	1,396
Totals	<u>\$ 5,840,793</u>	<u>40%</u>	<u>\$ 34,613</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position, Equity, or Net Fund Balances**

*Inventories and Prepaid Items*

Inventories consisting of office supplies and water and sewer plant supplies held for consumption are valued using the average cost method. The consumption method is used for financial reporting. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Restricted Assets*

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure acquired or constructed after the implementation of GASB Statement No. 34 is reported. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; capital assets of business-type activities are reported in the Enterprise Fund. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. They are depreciated principally using the straight-line method with an estimated useful life typically between 10 to 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure is depreciated using the straight-line method with an estimated useful life of 40 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

The Town maintains a threshold level of \$1,000 or more for capitalizing assets.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position, Equity, or Net Fund Balances**

*Compensated absences*

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

*Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles Board Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable.

**Fund Balance Classifications and Net Position**

Fund balances are reported under the following fund balance classifications:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact.
Restricted	Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end.
Assigned	Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted nor committed.
Unassigned	Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. Negative fund balances in other governmental funds can also be classified as unassigned.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classifications and Net Position (Continued)**

The Town has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the Town is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

The difference between assets and liabilities is “net position” on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

Net investment in capital assets - 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.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position – The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Reconciliation of Government-wide and Fund Financial Statements*

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classifications and Net Position (Continued)**

*Budgets*

The Town of Homer (Mayor and Board) uses the following budget practices:

Prior to December 31, the Mayor and Financial Consultant submits to the Selectmen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line-item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted to obtain taxpayer comment.

During the month of December, the budget is legally enacted through passage of an ordinance.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Fund.

Budgets are adopted on the modified accrual basis.

Appropriations lapse at the end of each fiscal year.

The Mayor and Selectmen may authorize supplemental appropriations during the year.

*Use of estimates*

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



**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2 - CASH AND CASH EQUIVALENTS**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand.

At December 31, 2019, the Town has cash and cash equivalents (book balances) totaling \$1,385,602 as follows:

**Cash and cash equivalents:**

Demand deposits	\$ 1,385,102
Other	<u>500</u>
Total	<u><u>\$ 1,385,602</u></u>

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) 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.

These 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. As of December 31, 2019, the Town's bank balances were exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 250,000</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Town's name	<u>1,313,127</u>
Total balances exposed to custodial credit risk	<u>1,313,127</u>
<b>Total bank balances</b>	<b><u><u>\$ 1,563,127</u></u></b>

**NOTE 3 – RECEIVABLES**

The following is a summary of receivables at December 31, 2019:

	<b>Taxes and Licenses</b>	<b>Accounts</b>	<b>Intergovernmental</b>	<b>Other</b>	<b>Net Receivables</b>
General	\$ 169,493	\$ -	\$ -	\$ 8,444	\$ 177,937
Street	19,750	-	-	-	19,750
Industrial Development	4,553	-	-	-	4,553
Police	31,036	-	-	2,070	33,106
Recreation	9,924	-	-	-	9,924
Nonmajor	10,458	-	-	-	10,458
Enterprise	29,058	82,041	4,647	884	116,630
Total	<u>\$ 274,272</u>	<u>\$ 82,041</u>	<u>\$ 4,647</u>	<u>\$ 11,398</u>	<u>\$ 372,358</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 4 – CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended December 31, 2019, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 135,743	\$ -	\$ -	\$ 135,743
Construction in progress	32,902	57,847	-	90,749
Total capital assets not being depreciated	<u>168,645</u>	<u>57,847</u>	<u>-</u>	<u>226,492</u>
<b>Capital assets being depreciated:</b>				
Infrastructure	3,330,717	-	-	3,330,717
Land improvements	4,084,458	-	-	4,084,458
Buildings	931,033	40,000	-	971,033
Building improvements	324,784	-	-	324,784
Furniture and equipment	341,814	-	-	341,814
Vehicles	543,610	-	-	543,610
Total capital assets being depreciated	<u>9,556,416</u>	<u>40,000</u>	<u>-</u>	<u>9,596,416</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	2,446,270	68,849	-	2,515,119
Land improvements	2,024,239	90,714	-	2,114,953
Buildings	716,575	16,144	-	732,719
Building improvements	104,423	12,953	-	117,376
Furniture and equipment	251,813	17,436	-	269,249
Vehicles	464,692	21,918	-	486,610
Total accumulated depreciation	<u>6,008,012</u>	<u>228,014</u>	<u>-</u>	<u>6,236,026</u>
Total capital assets being depreciated	<u>3,548,404</u>	<u>(188,014)</u>	<u>-</u>	<u>3,360,390</u>
Governmental activities, capital assets, net	<u>\$ 3,717,049</u>	<u>\$ (130,167)</u>	<u>\$ -</u>	<u>\$ 3,586,882</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	<u>Ending Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 13,330	\$ -	\$ -	\$ 13,330
Construction in progress	6,081,065	2,569,828	-	8,650,893
Total capital assets not being depreciated	<u>6,094,395</u>	<u>2,569,828</u>	<u>-</u>	<u>8,664,223</u>
<b>Capital assets being depreciated:</b>				
Infrastructure	12,436,244	-	-	12,436,244
Buildings	127,367	-	-	127,367
Furniture and equipment	114,503	3,200	-	117,703
Vehicles	208,444	18,897	-	227,341
Total capital assets being depreciated	<u>12,886,558</u>	<u>22,097</u>	<u>-</u>	<u>12,908,655</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	8,190,100	244,549	-	8,434,649
Buildings	127,367	-	-	127,367
Furniture and equipment	83,127	6,761	-	89,888
Vehicles	175,677	7,785	-	183,462
Total accumulated depreciation	<u>8,576,271</u>	<u>259,095</u>	<u>-</u>	<u>8,835,366</u>
Total capital assets being depreciated	<u>4,310,287</u>	<u>(236,998)</u>	<u>-</u>	<u>4,073,289</u>
Business-type activities, capital assets, net	<u>\$ 10,404,682</u>	<u>\$ 2,332,830</u>	<u>\$ -</u>	<u>\$ 12,737,512</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged as follows:

<b>Governmental activities:</b>	
General government	\$ 14,201
Public safety	33,073
Highways and streets	46,069
Culture and recreation	10,730
Economic development	123,941
Total	<u>\$ 228,014</u>

**NOTE 5 – INTERFUND BALANCES and TRANSFERS**

Interfund transfers during the year ended December 31, 2019, were as follows:

		<u>Due to</u>				
		<u>Street</u>	<u>Police</u>	<u>Nonmajor</u>	<u>Enterprise</u>	<u>Total</u>
Due from	General	\$4,242	\$17,262	\$ 687	\$ 11,672	\$ 33,863

		<u>Transfers out</u>			
		<u>General</u>	<u>Nonmajor</u>	<u>Enterprise</u>	<u>Total</u>
Transfers in	General	\$ 1,000	\$ 30,500	\$ 40,356	\$ 71,856
	Street	89,837	6,480	7,464	103,781
	Industrial Development	12,000	-	-	12,000
	Police	384,210	34,466	38,602	457,278
	Recreation	41,500	700	246,100	288,300
	Nonmajor	18,100	1,000	10,000	29,100
	Total	<u>\$ 546,647</u>	<u>\$ 73,146</u>	<u>\$ 342,522</u>	<u>\$ 962,315</u>

Interfund balances represent transfers to payroll for the first 2020 payroll. The funds were transferred from individual funds to the payroll account in the General Fund in December. Interfund transfers include unrestricted amounts transferred to subsidize other funds.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 6 – LONG-TERM OBLIGATIONS**

Debt is comprised of the following at December 31, 2019:

**2013 Revenue Bonds:**

\$2,280,000 Sewer Revenue Bonds dated April 24, 2013, payable over a 20 year period in annual installments ranging from \$69,460-\$157,519 including interest through December 2033; interest at 3.25%.

\$ 1,765,000

**LDEQ Revolving Loan:**

The Town entered into a loan agreement with DEQ to fund system improvements not to exceed \$3,500,000 in 2013. Upon the payment of each principal draw on the loan, twenty-eight and a half percent of the principal amount of each draw on the loan is forgiven. Total draws on the loan for the year ended December 31, 2015 were \$1,007,600, of which \$287,886 was forgiven. The loan bears interest at a rate of .4500%.

1,890,419

**LDHH Revolving Loan:**

The Town entered into a loan agreement with DHH to fund system improvements not to exceed \$3,600,000 in 2015. Upon the payment of each principal draw on the loan, thirty percent of the principal amount of each draw on the loan is forgiven. Total draws on the loan for the year ended December 21, 2015 were \$220,785, of which \$66,235 was forgiven. The loan bears interest at a rate of 2.95%.

1,918,416

**Utility Revenue Notes, Series 2018 (USDA):**

The Town entered into a loan agreement with USDA to fund system improvements not to exceed \$1,995,000 in 2015 with the funds being received by the Town in 2019. The loan is payable over 40 years with the first year only have interest owed. The loan bears interest at a rate of 3.49%.

1,995,000

**Total**

\$ 7,568,835

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

Long-term liability activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Forgiven/ Adjustment</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:						
Net pension liability	982,930	178,783	-	-	1,161,713	-
Total governmental activities	982,930	178,783	-	-	1,161,713	-
Business-type activities:						
Revenue Bonds - 2013 Issue	1,865,000	-	(100,000)	-	1,765,000	100,000
LDEQ Revolving Loan	1,562,080	627,675	(120,000)	(179,336)	1,890,419	121,000
LDHH Revolving Loan	1,855,182	214,620	(87,000)	(64,386)	1,918,416	-
Utility Revenue Notes, Series 2018 (USDA)	-	1,995,000	-	-	1,995,000	-
Net pension liability	134,315	92,522	-	-	226,837	-
Total business-type activities	5,416,577	2,929,817	(307,000)	(243,722)	7,795,672	221,000
Total	\$ 6,399,507	\$ 3,108,600	\$ (307,000)	\$ (243,722)	\$ 8,957,385	\$ 221,000

Annual debt service requirements to maturity for bonds are as follows:

	<u>2013 Revenue Bonds</u>	<u>USDA Revenue Bonds</u>
2020	100,000	-
2021	105,000	-
2022	110,000	39,296
2023	110,000	39,890
2024	115,000	40,492
2025-2029	635,000	211,823
2030-2034	590,000	228,310
2035-2039	-	246,079
2040-2044	-	265,233
2045-2049	-	285,877
2050-2054	-	308,128
2055-2059	-	329,872
Total	\$ 1,765,000	\$ 1,995,000

The Town has not completed drawing on the Department of Health and Hospital Drinking Water Revolving Loan Fund or the Department of Environment Quality Clean Water State Revolving Loan Fund. Future payments are not yet known.

There are a number of limitations and restrictions contained in the various bond indentures. The Town is substantially in compliance with all significant limitations and restrictions.

Interest expense for business-type activities for the year ended December 31, 2019, totaled \$195,751.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 7 – EQUITY**

All funds' revenues include sales and use taxes which are restricted. Restricted net position is restricted for cash held for meter deposits and debt service.

**NOTE 8 – RETIREMENT SYSTEMS**

**Municipal Employees' Retirement System of Louisiana (System)**

*Plan Description*

The Town of Homer contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan A who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Under 60 with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for Plan A members hired on or after January 1, 2013 is as follows:

1. Any age with 25 or more years of creditable service.
2. Age 60 with ten or more years of creditable service.
3. Under 60 with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 8 – RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Employees' Retirement System of Louisiana (System) (Continued)**

Generally, the monthly amount of the retirement shall consist of an amount equal to 3% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The 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, or by visiting the System's website [www.mersla.com](http://www.mersla.com).

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2019, the actual employer contribution rate was 27.75% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Homer to the System monthly. The Town of Homer's contributions to the System under Plan A for the year ending December 31, 2019 were \$110,378.

**Municipal Police Employees' Retirement System of Louisiana (System)**

*Plan Description*

The Town of Homer contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

Any member of the Plan who was hired before January 1, 2013, can retire providing the member meets on of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.



**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 8 – RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Police Employees' Retirement System of Louisiana (System) (Continued)**

The monthly amount of benefits are 3 1/3% of their average final compensation (employee's average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

**Hazardous Duty**

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

**Non-Hazardous Duty**

1. Any age with 30 years of creditable service.
2. Age 55 with 25 or more years of creditable service.
3. Age 60 with 10 or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website [www.lampers.org](http://www.lampers.org).

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 8 – RETIREMENT SYSTEMS (CONTINUED)**

**Municipal Police Employees' Retirement System of Louisiana (System) (Continued)**

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2019, the actual employer contribution rate was 32.50%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Members are required by state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Homer to the System monthly. The Town of Homer's contributions to the System for the year ending December 31, 2019 were \$105,657.

**NOTE 9 – 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 revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$33,750. The related expenditures of \$33,750 are included in expenditures in the Police Fund.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

At December 31, 2019, the Town has multiple water and sewer projects in progress which are being funded by a combination of loans and grants. The combined total of contracts connected with the projects exceeds six million dollars. Estimated remaining balances on the contracts exceeds \$1,000,000.

At December 31, 2019, the Town is involved in several lawsuits which are being handled by the Town Attorney and attorneys retained by the Town's insurance company. The suits are in various stages in the court systems. Legal counsel did not estimate potential liability. Management expects any losses to be covered by insurance.

Errors have been identified in the calculation of contributions to retirement systems. Management will evaluate the errors that may have occurred for a period of time to be determined. These errors could result in an amount due to or from employees or retirement systems.

**NOTE 11 – RISK MANAGEMENT**

The Town is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 30, 2021, the date on which the financial statements were available to be released.

There have been developments subsequent to the balance sheet date in the litigation described in Note 10. However, the developments do not significantly change the Town’s estimated potential liability.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employee and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

**NOTE 13 – STEWARDSHIP**

For the year ended December 31, 2019, for the sum of expenditures and other uses, actual amounts exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General	\$ 819,860	\$1,201,197	\$1,218,304	\$ (17,107)
Street	290,145	328,595	336,879	(8,284)
Industrial Development	64,350	90,146	119,368	(29,222)
Police	668,245	881,037	885,195	(4,158)
Recreation	107,150	402,385	407,672	(5,287)

**NOTE 14 – ACCOUNTING STANDARDS**

GASB has issued the following statements:

The following summaries of recently issued Statements include the Statements’ original effective dates. In response to the COVID-19 global pandemic, GASB issued Statement Number 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which changes effective dates for Statements 83 through 93 to June 15, 2019, through December 31, 2022.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 14 – ACCOUNTING STANDARDS (CONTINUED)**

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not expected to affect the Town's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not expected to affect the Town's financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 14 – ACCOUNTING STANDARDS (CONTINUED)**

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 14 – ACCOUNTING STANDARDS (CONTINUED)**

GASB Statement No. 91, *Conduit Debt Obligations*, was issued May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, the applicability of Statements No. 73, 74, and 84, measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 14 – ACCOUNTING STANDARDS (CONTINUED)**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**NOTE 15 – FUND BALANCE/NET POSITION RESTATEMENT**

*Governmental-Wide Financial Statements*

The following table discloses restatements of net position for governmental and business-type activities in the government-wide financial statements.

	Beginning Balance	Prior Period Adjustments	Beginning Balance, as Restated
Governmental Activities	\$ 3,426,879	\$ 134,315	\$3,561,194
Business-type Activities	5,981,688	(134,315)	5,847,373

Beginning net position for governmental activities and business-type activities decreased due to restatements of beginning net position/fund balance recorded in governmental and business-type funds and accounts due to the redistribution of net pension liability.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF HOMER  
HOMER, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with</u>
				<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 803,100	\$ 862,077	\$ 870,131	\$ 8,054
Licenses and permits	62,120	69,606	68,171	(1,435)
Intergovernmental revenues	-	13,874	-	(13,874)
Charges for services	2,500	435	16,890	16,455
Lease income	4,500	5,700	5,950	250
Interest earned	5,200	1,707	1,739	32
Other revenues	27,810	34,552	25,088	(9,464)
Total revenues	<u>905,230</u>	<u>987,951</u>	<u>987,969</u>	<u>18</u>
Expenditures:				
Current:				
General government:				
Finance and administrative	264,335	299,702	299,924	(222)
Legislative	24,000	24,000	24,000	-
Other general government	175,425	271,024	282,209	(11,185)
Public safety	-	-	21,959	(21,959)
Health and welfare	6,300	24,455	26,065	(1,610)
Culture and recreation	7,800	17,951	17,500	(451)
Total expenditures	<u>477,860</u>	<u>637,132</u>	<u>671,657</u>	<u>(34,525)</u>
Excess (deficiency) of revenues over expenditures	<u>427,370</u>	<u>350,819</u>	<u>316,312</u>	<u>(34,507)</u>
Other sources (uses):				
Operating transfers in	-	74,482	71,856	(2,626)
Operating transfers out	<u>(342,000)</u>	<u>(564,065)</u>	<u>(546,647)</u>	<u>17,418</u>
Total other sources (uses)	<u>(342,000)</u>	<u>(489,583)</u>	<u>(474,791)</u>	<u>14,792</u>
Net change in fund balance	85,370	(138,764)	(158,479)	(19,715)
Fund balance at beginning of year, restated	<u>450,054</u>	<u>354,778</u>	<u>354,778</u>	<u>-</u>
Fund balance at end of year	<u>\$ 535,424</u>	<u>\$ 216,014</u>	<u>\$ 196,299</u>	<u>\$ (19,715)</u>

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
STREET FUND SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 310,740	\$ 199,742	\$ 203,778	\$ 4,036
Intergovernmental revenues	6,660	6,660	6,660	-
Interest earned	425	89	89	-
Other revenues	9,500	19,362	19,362	-
Total revenues	<u>327,325</u>	<u>225,853</u>	<u>229,889</u>	<u>4,036</u>
Expenditures:				
Current:				
Highways and streets	281,145	316,450	324,525	(8,075)
Health and welfare	9,000	11,808	12,354	(546)
Capital outlay	-	337	-	337
Total expenditures	<u>290,145</u>	<u>328,595</u>	<u>336,879</u>	<u>(8,284)</u>
Excess (deficiency) of revenues over expenditures	<u>37,180</u>	<u>(102,742)</u>	<u>(106,990)</u>	<u>(4,248)</u>
Other sources (uses):				
Operating transfers in	-	103,781	103,781	-
Net change in fund balance	37,180	1,039	(3,209)	(4,248)
Fund balance at beginning of year, restated	32,750	26,607	26,607	-
Fund balance at end of year	<u>\$ 69,930</u>	<u>\$ 27,646</u>	<u>\$ 23,398</u>	<u>\$ (4,248)</u>

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
INDUSTRIAL DEVELOPMENT FUND SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 33,000	\$ 28,703	\$ 57,846	\$ 29,143
Lease income	3,725	1,011	1,011	-
Interest earned	1,650	1,089	1,038	(51)
<b>Total revenues</b>	<u>38,375</u>	<u>30,803</u>	<u>59,895</u>	<u>29,092</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Economic development	64,350	78,195	61,521	16,674
Capital outlay	-	11,951	57,847	(45,896)
<b>Total expenditures</b>	<u>64,350</u>	<u>90,146</u>	<u>119,368</u>	<u>(29,222)</u>
Excess (deficiency) of revenues over expenditures	<u>(25,975)</u>	<u>(59,343)</u>	<u>(59,473)</u>	<u>(130)</u>
<b>Other sources (uses):</b>				
Operating transfers in	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net change in fund balances	(25,975)	(47,343)	(47,473)	(130)
Fund balance at beginning of year	<u>50,906</u>	<u>49,117</u>	<u>49,117</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,931</u>	<u>\$ 1,774</u>	<u>\$ 1,644</u>	<u>\$ (130)</u>

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
POLICE FUND SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Taxes	\$ 199,347	\$ 322,400	\$ 326,474	\$ 4,074
Intergovernmental revenues	30,000	35,250	33,750	(1,500)
Charges for services	16,350	5,430	5,920	490
Fines	55,300	34,300	35,624	1,324
Interest earned	200	116	118	2
Other revenues	200	40,080	42,281	2,201
Total revenues	<u>301,397</u>	<u>437,576</u>	<u>444,167</u>	<u>6,591</u>
Expenditures:				
Current				
Public safety:				
Police Department	659,245	864,321	885,195	(20,874)
Capital outlay	9,000	13,090	-	13,090
Total expenditures	<u>668,245</u>	<u>877,411</u>	<u>885,195</u>	<u>(7,784)</u>
Excess (deficiency) of revenues over expenditures	<u>(366,848)</u>	<u>(439,835)</u>	<u>(441,028)</u>	<u>(1,193)</u>
Other sources (uses):				
Operating transfers in	367,000	460,823	457,278	(3,545)
Operating transfers out	-	(3,626)	-	3,626
Total sources (uses)	<u>367,000</u>	<u>457,197</u>	<u>457,278</u>	<u>81</u>
Net change in fund balance	152	17,362	16,250	(1,112)
Fund balance at beginning of year, restated	684	16,071	16,071	-
Fund balance at end of year	<u>\$ 836</u>	<u>\$ 33,433</u>	<u>\$ 32,321</u>	<u>\$ (1,112)</u>

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE  
RECREATION FUND SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Taxes	\$ 121,400	\$ 100,550	\$ 100,750	\$ 200
Interest earned	775	305	319	14
Other revenues	1,000	2,500	3,627	1,127
Total revenues	<u>123,175</u>	<u>103,355</u>	<u>104,696</u>	<u>1,341</u>
<b>Expenditures:</b>				
Culture and recreation	107,150	167,572	367,672	(200,100)
Capital outlay	-	234,813	40,000	194,813
Total expenditures	<u>107,150</u>	<u>402,385</u>	<u>407,672</u>	<u>(5,287)</u>
Excess (deficiency) of revenues over expenditures	<u>16,025</u>	<u>(299,030)</u>	<u>(302,976)</u>	<u>(3,946)</u>
<b>Other sources (uses):</b>				
Operating transfers in	-	288,300	288,300	-
Net change in fund balance	16,025	(10,730)	(14,676)	(3,946)
Fund balance at beginning of year, restated	4,055	35,458	35,458	-
Fund balance at end of year	<u>\$ 20,080</u>	<u>24,728</u>	<u>\$ 20,782</u>	<u>(3,946)</u>

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
AS OF DECEMBER 31, 2019**

	<b>Fire</b>	<b>Contingency</b>	<b>Tourism</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 147,581	\$ 4,212	\$ 1,147	\$ 152,940
Receivables, net	5,994	4,464	-	10,458
Due from other funds	687	-	-	687
<b>TOTAL ASSETS</b>	<u>\$ 154,262</u>	<u>\$ 8,676</u>	<u>\$ 1,147</u>	<u>\$ 164,085</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 352	\$ -	\$ 591	\$ 943
Payroll and related liabilities	593	-	-	593
<b>Total liabilities</b>	<u>945</u>	<u>-</u>	<u>591</u>	<u>1,536</u>
Fund balances:				
Restricted fund balances	<u>153,317</u>	<u>8,676</u>	<u>556</u>	<u>162,549</u>
<b>Total fund balances</b>	<u>153,317</u>	<u>8,676</u>	<u>556</u>	<u>162,549</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 154,262</u>	<u>\$ 8,676</u>	<u>\$ 1,147</u>	<u>\$ 164,085</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Fire	Contingency	Tourism	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes:				
Sales and use	\$ 59,509	\$ 47,994	\$ -	\$ 107,503
Other taxes, penalties and interest	-	-	18,782	18,782
Intergovernmental - state funds - fire insurance rebate	25,000	-	-	25,000
Charges for services	120	-	-	120
Interest earned	2,027	120	15	2,162
Other revenues	6,278	-	-	6,278
Total revenues	<u>92,934</u>	<u>48,114</u>	<u>18,797</u>	<u>159,845</u>
<b>Expenditures:</b>				
Current:				
Public safety - police department:	97,958	-	-	97,958
Culture and recreation	-	1,220	-	1,220
Economic development	-	-	20,368	20,368
Total expenditures	<u>97,958</u>	<u>1,220</u>	<u>20,368</u>	<u>119,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,024)</u>	<u>46,894</u>	<u>(1,571)</u>	<u>40,299</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	10,000	19,100	29,100
Operating transfers out	-	(56,146)	(17,000)	(73,146)
Total other financing sources and uses	<u>-</u>	<u>(46,146)</u>	<u>2,100</u>	<u>(44,046)</u>
Net change in fund balances	(5,024)	748	529	(3,747)
Fund balances at beginning of year	158,341	7,928	27	166,296
Fund balances at end of year	<u>\$ 153,317</u>	<u>\$ 8,676</u>	<u>\$ 556</u>	<u>\$ 162,549</u>



**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF COMPENSATION TO MAYOR AND BOARD OF SELECTMEN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Xanthe Seals, Mayor	\$ 48,000
Alonzo Mitchell	4,800
Ray Jiles	4,800
Keldron Johnston	4,800
Brandon Rich	4,800
Clifton Mozeke	4,800
Total	<u>\$ 72,000</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS  
AND OTHER PAYMENTS TO OR ON BEHALF OF AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Xanthe Seals, Mayor:	
Salary	\$ 48,000
Payroll Taxes	696
Insurance	7,774
Registration Fees	885
Conference Travel	4,500
Total	<u>\$ 61,855</u>

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<b>Department of Transportation</b>			
Airport Improvement Program	20.106		\$ 40,981
<b>United States Environmental Protection Agency</b>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	LDEQ,CS-221855-01	265,881
<b>United States Department of Agriculture</b>			
Water and Waste Disposal Loans and Grants (Section 306C)	10.770		1,804,710
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,111,572</b>

**Notes to SEFA:**

**A. PURPOSE OF THE SCHEDULE**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the Town of Homer under programs of the federal government for the year ended December 31, 2019. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. To comply with these requirements, management requires each department to submit data to prepare the SEFA.

**B. REPORTING ENTITY**

The SEFA generally includes expenditures of federal financial assistance by all departments and agencies, that are included in the Town of Homer's Financial Statements. The town does not have any component units.

**C. BASIS OF ACCOUNTING**

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting unless a federal agency stipulates when expenditures are to be included. There were no such instructions for the year ended December 31, 2019.

**D. INDIRECT COSTS**

Agencies that have never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs that may be used indefinitely. This methodology must be used consistently for all federal awards until such time as an agency chooses to negotiate for a rate, which an agency may apply to do at any time. For the year ended December 31, 2019, no indirect costs were charged to federal programs.

**E. LOANS AND LOAN GUARANTEES OUTSTANDING AND OTHER NON-CASH ASSISTANCE**

The SEFA and related notes include certain loans and loan guarantees outstanding as presented in the following schedule. Outstanding loan balances are only presented for those programs with significant compliance requirements other than repayment.

	Balance at December 31, 2019
EPA/LDEQ - CWSRF	\$1,890,419
USDA - Water and Waste Disposal Loan	1,995,000
Total	\$3,885,419

**F. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The following table reconciles federal revenues to federal expenditures:

Federal Revenues per Financial Statements	\$245,792
Amount included in revenue for 66.458 CWSRF	(204,812)
Amount received from LDEQ (amount to use per LDEQ)	265,881
USDA project expenditures from loan proceeds in Enterprise Fund	1,804,711
Expenditures per SEFA	\$2,111,572

## **OTHER REPORTS**



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 Honorable Xanthe Seals, Mayor,  
And Members of the Board of Selectmen  
Town of Homer, Louisiana

We 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Homer's basic financial statements and have issued our report thereon dated June 30, 2021.

**Internal Control over Financial Reporting**

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

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

Town of Homer  
Homer, Louisiana  
Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
December 31, 2019

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-003, 2019-004, 2019-005, and 2019-006, that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Homer's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, and 2019-006.

### **Town of Homer's Response to Findings**

The Town of Homer's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Homer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

BOSCH & STATHAM, LLC



Ruston, Louisiana  
June 30, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Xanthe Seals, Mayor,  
And Members of the Board of Selectmen  
Town of Homer, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Homer's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Homer's major federal programs for the year ended December 31, 2019. The Town of Homer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Homer's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Homer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Homer's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Homer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### **Report on Internal Control over Compliance**

Management of the Town of Homer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Homer's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Homer's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BOSCH & STATHAM, LLC



Ruston, Louisiana  
June 30, 2021

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Homer were prepared in accordance with GAAP.
2. Five material weaknesses disclosed during the audit of the financial statements 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*.
3. Three instances of noncompliance material to the financial statements of the Town, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting.
5. The auditor's report on compliance for the major federal award programs of the Town of Homer expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
  - a) United States Department of Agriculture – Water and Waste Disposal Loans and Grants (Section 306C) – CFDA No. 10.770
  - b) United States Environmental Protection Agency – Clean Water State Revolving Fund Cluster - Capitalization Grants for Clean Water State Revolving Funds Cluster – CFDA No. 66.458
8. The threshold for distinguishing Type A and B programs was \$750,000. The CWSRF program was determined to be major because it is a loan in a cluster.
9. The Town of Homer was determined not to be a low-risk auditee.
10. A management letter was issued.



**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**2019-001 Internal Control Over Payroll**

**Type**

Material Weakness in Internal Control

**First Reported**

2018

**Criteria**

Basic internal control over payroll includes procedures to ensure that time reports supporting paychecks are accurate, reviewed, and approved. Town policies should be enforced to include completely and accurately preparing required forms. All state and federal laws and regulations related to payroll should be adhered to.

**Condition**

The ordinances that adopted the budgets for 2016, 2017, and 2018, were not filed in the ordinance book at the time of their adoption. During each year's audit, we noted the current year's budget was not filed in the book.

**Condition**

During our test of payroll, we noted:

1. Documentation for four out of nine payroll checks did not include a record of attendance and leave time.
2. Four out of five payroll checks were not supported by a supervisor's signature on the attendance records.
3. There was one instance of use of accrued leave. It was not supported by documentation of the supervisor's approval.
4. Five out of nine paychecks included overtime compensation. Two out of five did not include a supervisor's approval of overtime.

**Cause**

Internal control is not properly designed.

**Effect**

Employees could be over or under paid. The Town could expend funds that were not obligated.

**Recommendation**

We recommend that management evaluate the current internal control over payroll processing and revise it to ensure that the five elements of internal control outlined in the Green Book are addressed.

**Management's Response**

See management's corrective action plan.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

---

**2019-002 Noncompliance with LA Public Bid Law**

**Type**

Noncompliance with State Law

**First Reported**

2018

**Criteria**

Louisiana Revised Statute 38:2212.1 states in part, "A.(1)(a) All purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided in this Part. (b) However, purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file."

**Condition**

Management did not provide any bid files. We did not note any discussion in the Board minutes of bids advertised or discussed. We noted a disbursement for \$40,000 for a building at a town park that appears to be subject to the bid law.

**Cause**

Internal control over compliance with the bid law failed to ensure compliance.

**Effect**

The Town did not comply with the bid law. Since the bid law is intended to ensure that Louisiana governmental entities purchase equipment at the best available price, the Town may have incurred unnecessary costs.

**Recommendation**

We recommend that management evaluate written policies and procedures to ensure they are complete and clear. The policies and procedures should include an element of monitoring to ensure that policies and procedures are implemented and continually followed. Finally, we recommend that the Town Attorney be consulted before large purchases are initiated. This procedure should also be included in the Town's written policies and procedures.

**Management's Response**

See management's corrective action plan.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**2019-003 Noncompliance with Budget Act**

**Type**

Material Weakness in Internal Control, Noncompliance with State Law

**First Reported**

2018

**Criteria**

Generally accepted accounting principles require a budget to actual statement that includes columns for the original budget, amended budget, and actual amounts. Basic internal control procedures include documenting the authorized amendments to the budget and comparison of budget amounts to actual amounts throughout the year. Both management and the Board should be reviewing such comparisons and using them to make decisions.

**Condition**

We noted several issues with documentation of compliance with the Budget Act and presentation of budgets in the financial statements. The following is a summary of the issues:

1. There were several line-item adjustments noted in the minutes. There was no documentation of the calculation of the final budget amounts other than the final budgets themselves.
2. The final budgets are not mathematically accurate with respect to subtotals and totals.
3. Budgetary comparisons were not discussed in the minutes of the Board.

**Cause**

There was no apparent review of the preparation of the budget documents.

**Effect**

Management and the Board may have used incorrect information during the year. The required supplementary information (budget comparison schedule) in the year-end financial statements might have contained incorrect amounts.

Spending in excess of the budgets may result in deficit positions and put the town's financial condition at risk.

Management did not comply with the Budget Act.

**Recommendation**

We recommend that internal control include review of the budget documents by someone other than the preparer.

We recommend that budget to actual reports be presented monthly to Selectmen. These reports should be discussed in meetings and documented in minutes.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

---

**Management's Response**

See management's corrective action plan.

**2019-004 Failure to Update Receivables and Payables**

**Type**

Material Weakness in Internal Control

**First Reported**

2018

**Criteria**

Basic accounting procedures include reversing prior year receivables and payables and recording current year amounts.

**Condition**

The trial balances submitted to the auditor contained prior year receivable amounts totaling approximately \$340,000. We recorded approximately \$300,000 in current year receivables. There were similar entries for payables. Prior year receivables and payables were not reversed, and current year amounts were not recorded.

**Cause**

There was a change in the contracted accountant at the beginning of the year.

**Effect**

Audit adjustments were required. Financial statements provided to management and the Board by the contracted accountant during the fiscal year were misstated.

**Recommendation**

We recommend that appropriate adjustments be made at year end prior to audit if not monthly. Management should evaluate internal control to ensure that the deficiency is addressed.

**Management's Response**

See management's corrective action plan.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**2019-005 Payroll Transfers Recorded in Wrong Period**

**Type**

Material Weakness in Internal Control

**First Reported**

2019

**Criteria**

Basic internal control includes dating checks with the date they were actually issued.

**Condition**

Payroll transfers dated January 2, 2020, cleared the bank in December 2019. The total of transfers was \$39,692.

**Cause**

The error appears to be an oversight.

**Effect**

Cash in the financial statements was understated in Payroll Fund (General Fund) and overstated in the individual funds.

**Recommendation**

We recommend that staff be instructed to date checks with the actual date of distribution.

**Management's Response**

See management's corrective action plan.

**2019-006 Authorization for Allocation of Sales Tax Revenue Not Clearly Documented**

**Type**

Material Weakness in Internal Control, Noncompliance with Tax Propositions

**First Reported**

2019

**Condition**

We confirmed total sales tax revenue with the collector (school board). However, we were unable to verify that the allocation among funds was authorized by the tax propositions and the Board (where the propositions allowed allocation).

**Criteria**

Tax revenue must be accounted for in a way that demonstrates that it is expended for purposes approved by the taxpayers or the Board, when the taxpayers approve a tax for general purposes.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Cause**

Internal control did not ensure that authorization for allocations were properly documented.

**Effect**

Tax revenue may not have been expended as approved by taxpayers or the Board, where applicable.

**Recommendation**

We recommend that management evaluate the allocations, determine whether there has been any improper allocation, and reimburse funds if there were improper allocations.

**Management's Response**

See management's corrective action plan.

**B. FINDINGS—SINGLE AUDIT**

No findings were disclosed by the Single Audit.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**A. SUMMARY OF PRIOR YEAR FINDINGS**

**2018-001 Maintenance of the Minute and Ordinance Books**

This finding was resolved.

**2018-002 Lack of Controls over Credit Cards**

This finding was resolved.

**2018-003 Errors in Payroll Processing**

This finding is repeated in finding 2019-001.

**2018-004 Noncompliance with LA Public Bid Law**

This finding is repeated in finding 2019-002.

**2018-005 Error in Industrial Development Fund Budget**

This finding is repeated in finding 2019-003.

**2018-006 Failure to Update Receivables and Payables**

This finding is repeated in finding 2019-004.

**2018-007 Late Payments on the Accounts of Officials and Employees**

This finding is not completely resolved but is considered immaterial for 2019.

**2018-008 Lack of Evidence of Required Ethics Training**

This finding is resolved.

**2018-009 Failure to Amend Budgets in Accordance with the Local Government Budget Act**

This finding is resolved.

**2018-010 Audit Report Filed After Due Date**

This finding is resolved due to approved LLA extensions.



## MANAGEMENT LETTER

**To the Town of Homer  
Homer, Louisiana**

In planning and performing our audit of the financial statements of the Town of Homer, as of and for the year ended December 31, 2019, we considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated June 30, 2021, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

### **ML2019-001 Management of Funds**

**First Reported**  
2018

#### **Criteria**

Financial statements are prepared under the assumption that the Town will continue to be able to operate and meet its obligations in a timely manner. Operating at a deficit, failing to meet obligations when they are due, and using funds intended for other activities or functions are indicators that there is some doubt as to whether the Town can continue as a going concern.

In Louisiana, laws and regulations are designed to encourage local government entities to operate and manage utility systems (water and sewer) as business-type activities where the users of the systems pay the cost of their usage. Costs of the system include current year operating costs as well as future repairs, maintenance, and upgrades to infrastructure and equipment.



**TOWN OF HOMER  
HOMER, LOUISIANA**

**MANAGEMENT LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Condition**

As of December 31, 2019, the Town had the following in equity and cash positions in its major funds:

	<b>Total Equity</b>	<b>Equity Available for Use</b>	<b>Cash (Excluding Amounts Restricted for Meter Deposits and Debt)</b>	<b>Average Annual Expenditures/ Expenses</b>	<b>Years' Expenditures/ Expenses in Equity</b>
Government-Wide Governmental Activities	\$3,051,403	NONE	\$380,138	\$2,687,000	NONE
Government-Wide Business-Type Activities/Enterprise Fund	\$5,769,348	\$646,928	\$137,125	\$1,370,000	0.5
General Fund	\$196,299	\$196,299	\$105,811	\$580,000	0.3
Street Fund	\$23,398	\$23,398	\$4,621	\$329,000	0.1
Industrial Development Fund	\$1,644	\$1,644	\$101,871	\$94,000	0.0
Police Fund	\$32,321	\$32,321	\$1,713	\$814,000	0.0

Generally speaking, a good rule of thumb for equity is six months to one year of expenditures. However, for Business-Type Activities, future repairs and upgrades should be planned for. Therefore, the need for reserves in that fund may be much larger. At December 31, 2019, none of the activities or funds are in an ideal position and the governmental activities are in a deficit position with respect to unrestricted equity. If current levels of revenues and expenditures continue, or if expenditures increase without an increase in revenues, or if a major repair is required, the Town's activities and funds are at risk for sliding into deficit positions.

**Cause**

Costs typical rise faster than revenues. Many municipalities rely on grants to fund repairs and upgrades. Many elected officials are reluctant to raise utility rates.

**Effect**

The Town may not be able to sustain current service levels or properly maintain its utility systems.

**TOWN OF HOMER  
HOMER, LOUISIANA**

**MANAGEMENT LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Recommendation**

We recommend that the Board explore options for increasing revenues and decreasing expenditures in the General Fund. Such options may include asking the taxpayers for ad valorem or sales taxes to support the police department, fire department, street department, or general purposes and/or reducing the level of service in the police or fire departments. We also caution management and the Board to be conservative in approving budgets/expenditures of the General Fund.

We recommend that management and the Board use Enterprise Fund monies only for utility systems. We noted that, in early 2019, over \$200,000 was transferred from Enterprise Fund to Recreation Fund to pay for recreation department projects. Finally, we recommend that management and the Board routinely evaluate utility rates annually to determine whether rate increases are necessary to maintain and upgrade the utility systems.

**Management's Response**

See management's corrective action plan.

**Shenika Wright**  
**Town Clerk**



**Lori Graham**  
**Town Attorney**

**Dr. Xanthe Y. Seals, Mayor**

June 30, 2021

Bosch & Statham, LLC  
Post Office Box 2377  
Ruston, LA 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2019 through December 31, 2019, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (should be customized by entity, as applicable).

Yes  No

2. For the fiscal period January 1, 2019 through December 31, 2019, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes  No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes  No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes  No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between December 31, 2018, and June 30, 2021.

Yes  No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes  No

**Linda Hardaway - District 1, Johnny "Road Buddy" West - District 2, Keldron Johnston - District 3,  
Verletha Adams -District 4, Patricia Jenkins -District 5**

*"This Institution is an Equal Opportunity Employer and Provider"*

7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.
- Yes  No
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
- Yes  No
9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes  No
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes  No
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes  No
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Yes  No
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes  No
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes  No
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes  No
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes  No
17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.
- Yes  No

*Linda Hardaway - District 1, Johnny "Road Buddy" West - District 2, Keldron Johnston - District 3,  
Verletha Adams - District 4, Patricia Jenkins - District 5*


*"This Institution is an Equal Opportunity Employer and Provider"*

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.  
Yes  No
19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.  
Yes  No
20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.  
Yes  No
21. We have disclosed to you [*list other matters as you have deemed appropriate*].  
Yes  No
22. We have responded fully to all inquiries made by you during the engagement.  
Yes  No
23. We are not aware of any events that have occurred subsequent to December 31, 2019, that would require adjustment to or modification of the results of the agreed-upon procedures.  
Yes  No

The previous responses have been made to the best of our belief and knowledge.

Signature 

Title Mayor

Signature 

Title Treasurer

*Linda Hardaway - District 1, Johnny "Road Buddy" West - District 2, Keldron Johnston - District 3,  
Verletha Adams -District 4, Patricia Jenkins -District 5*

*"This Institution is an Equal Opportunity Employer and Provider"*



Independent Accountant's Report  
on Applying Agreed-Upon Procedures

To the Town of Homer  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Town of Homer (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

*We obtained and inspected the Town's policies and procedures.*

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*We noted no exceptions.*

*Exceptions: None*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*We noted the policy did not address elements (1) or (2).*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

---

- c) **Disbursements**, including processing, reviewing, and approving

*We noted no exceptions.*

*Exceptions: None*

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*We noted the policy did not address management's actions to determine the completeness of collections.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*We noted the policy did not address any of the required elements.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*We noted the policy did not address elements (2), (4) or (5).*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*We noted the policy did not address elements (2) or (5).*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*We noted the policy did not address element (2).*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. *Note: Ethics requirements are not applicable to nonprofits.*

*We noted the policy did not address elements (1), (3) or (4).*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*We noted no such policy.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tolls needed to recover operations after a critical event.

*We noted no such policy.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan*

***Board (or Finance Committee, if applicable)***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

*We obtained and inspected the board's minutes for the fiscal period.*

- a) Observe that the board/finance committee met with a quorum a least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*We noted the council met at least monthly.*

*Exceptions: None*



**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*We observed seven of the fourteen meetings referenced financial statements. However, none of those discussed budget-to-actuals.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*We obtained the prior year audit report and observed a positive unassigned fund balance in the general fund.*

*Exceptions: None.*

***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*We obtained a listing of bank accounts for the fiscal period. We selected the entity's main operating account and four other accounts for testing in February 2019.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*We noted no exceptions.*

*Exceptions: None*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

*We noted no evidence of review.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*None of the reconciliations had outstanding reconciling items older than 12 months.*

*Exceptions: None*

***Collections***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*We obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete. There was one deposit site listed.*

*Exceptions: None*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*For the deposit site listed, we obtained a listing of collection locations and management's representation that the listing is complete. There was one collection location listed. We reviewed the Town's policies regarding collections and inquired of employees about their job duties to determine how duties are segregated.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*We noted no employees share cash drawers.*

*Exceptions: None*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

*We noted no exceptions.*

*Exceptions: None*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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- c) Each employee responsible for collecting cash is not responsible for [posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*We noted no exceptions.*

*Exceptions: None*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*We noted no employee responsible for reconciling cash collections to the general ledger.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

6. Inquire of management that all employees who have access to cash covered by a bond or insurance policy for theft.

*We inquired of management. All employees who have access to cash appear to be covered by a bond or insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

*We randomly selected two deposit dates for each of the five bank accounts listed under procedure #3. We were only able to test seven of the ten deposit dates selected because management only provided bank statements for the randomly selected deposit dates. Some of those dates did not have a deposit and there was no other deposit that month to be selected. Since we did not have additional months' bank statements, we were unable to select another deposit.*

- a) Observe that receipts are sequentially pre-numbered.

*For those deposits where a receipt was issued, we noted the receipts were sequentially pre-numbered. A receipt was not issued for all collections making up a deposit, as many collections are mailed in checks for which the Town does not issue a receipt.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*We noted no exceptions.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*We noted no exceptions.*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

---

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*We were only able to test this attribute for one of seven deposits tested, and for the one deposit we noted the deposit was made within one business day of receipt. The other six deposits consisted of checks mailed in, and since the receipt date of the checks was not documented, we were unable to determine timeliness of the deposit.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*We noted no exceptions.*

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

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select locations (or all locations if less than 5).

*We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Only Town Hall is listed.*

*Exceptions: None*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*We obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties and considered whether the job duties are properly segregated.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*We noted that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*

*Exceptions: None*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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- b) At least two employees are involved in processing and approving payments to vendors.

*We noted that at least two employees are involved in processing and approving payments to vendors.*

*Exceptions: None*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files. We noted no employee responsible for reviewing changes to vendor files.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*We noted the employee who prepares the checks also mails the checks after they are signed, in most cases.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*We randomly selected 5 disbursements from the funds maintained by the Town, since there was only one disbursement location. We used judgement in determining which funds to select the sample out of.*

*Exceptions: None.*

- a) Observe that the disbursement matched the related original invoice/billing statement.

*We noted no exceptions.*

*Exceptions: None.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date electronic logging) of segregation of duties tested under #9, as applicable.

*We noted no exceptions.*

*Exceptions: None*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.*

*Exceptions: None*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

*As there are four cards on the list, we selected all cards for testing. We selected the September statements for testing and requested documentation.*

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*We inspected the statements provided and the available documentation. The statements were stamped "reviewed". The checks were signed by two responsible authorized employees or officials. There was no clear evidence that the statements were reviewed and approved.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*We observed that finance charges and late fees were not assessed on the statements we inspected.*

*Exceptions: None*

**TOWN OF HOMER  
REPORT ON STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*Using the monthly statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions.*

*We tested 20 transactions with one exception.*

*None of the transactions included written documentation of purpose.*

*None of the selected transactions were for meals.*

*There was no receipt for one charge on the VISA. We did not identify a compensating control.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

***Travel and Travel-Related Expense Reimbursement (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.*

*Exceptions: None*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*We compared per diem reimbursements to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). We noted 2 exceptions.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

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- b) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*We compared reimbursement for actual costs to available supporting documentation. We noted 1 exception for the only transaction reimbursed using actual costs.*

*Exceptions: None.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*We observed that each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy (procedure #1h).*

*Exceptions: None.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*We observed that all 5 transactions were reviewed and approved, in writing, we also observed that 2 out of 5 reimbursements were for the Mayor's expenses and were reviewed by the Mayor.*

*Exceptions: See above.*

*Management's Response: See management's corrective action plan.*

**Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*We obtained from management a listing of all agreements/contracts that were initiated or renewed during the fiscal period and management's representation that the listing is complete. We randomly selected five contracts from the list.*

*Exceptions: None*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*We noted none of the contracts selected appeared to be subject to the requirements of the LA Public Bid Law.*

*Exceptions: None.*



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- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*We noted no exceptions.*

*Exceptions: None.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*We noted none of the five contracts selected were amended during the year.*

*Exceptions: None.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*We randomly selected one payment from each of the five contracts selected. We agreed the invoice to the contract terms and noted the invoice and related payment agree to the terms and conditions of the contract. We noted no exceptions.*

*Exceptions: None.*

***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*We obtained a listing of employees/elected officials. We randomly selected five employees and obtained the related documentation. We agreed paid rates to the authorized.*

*Exceptions: None*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*We obtained the attendance records. One of the selected employees was the Mayor and is not required to document their attendance.*

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*Of the four employees required to document their attendance, we noted no exception.*

*Exceptions: None.*

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- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*We noted three of the four did not have supervisorial approval of their attendance. We also noted one of those three also did not receive approval for leave taken.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*We noted no exception.*

*Exceptions: None.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Management did not provide a listing. We were unable to perform any testing.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*We noted no exception.*

*Exceptions: None.*

***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

*Using the selected employees from procedure #16, we obtained the ethics documentation.*

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- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*We noted no exceptions.*

*Exceptions: None.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Management did not provide documentation showing the attestation of the ethics policy.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

***Debt Service***

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

*Management did not provide a listing.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

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

*Management did not provide a listing.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

***Other***

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

*Management did not provide a listing.*

*Exceptions: See above.*

*Management's Response: See Management's Corrective Action Plan.*

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

*We noted the required notice on the Town's website. We also noted the notices posted in the entrance to City Hall.*

*Exceptions: None*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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

BOSCH & STATHAM, LLC

*Bosch & Statham*

Ruston, Louisiana  
June 30, 2021

**Shenika Wright**  
**Town Clerk**



**Lori Graham**  
**Town Attorney**

**Dr. Xanthe Y. Seals, Mayor**

June 30, 2021

Bosch & Statham  
Melissa Eubanks Bosch, CPA  
Post Office Box 2377  
Ruston, LA 71273-2377

Re: Corrective Action Plan – 2019 Audit Findings

To Whom It May Concern:

In response to the 2018 Audit Report, the Town of Homer issues the following corrective action plan:

**2019-001 Internal Control Over Payroll**

The Town will evaluate the current internal control over payroll processing and revise it to ensure that the five elements of internal controls outlined in the Green Book are addressed as advised by the Auditors.

**2019-002 Noncompliance with LA Public Bid Law**

The building noted in the report in the amount of \$40,000 placed at the Joe Michael Park was purchased by the previous administration. However, in the future the Town will evaluate written policy and procedures and consult the Town Attorney before large purchases are initiated to comply with LA Bid Law as advised by Auditors.

**2019-003 Noncompliance with Budget Act**

The Town will review the budget policy and procedures and revise the policy to include the review of budget documents by someone other than the preparer, and the budget reports will be made available to the Board monthly and discussed in town council meetings and documented in the official minutes in order to comply with the Budget Act.

**2019-004 Failure to Update Receivables and Payables**

The Town will evaluate internal controls to ensure that audit adjustments are made at year-end prior to the audit to ensure that financial statements are accurate.

*Linda Hardaway - District 1, Johnny "Road Buddy" West - District 2, Keldron Johnston - District 3,  
Verletha Adams - District 4, Patricia Jenkins - District 5*

*"This Institution is an Equal Opportunity Employer and Provider"*

### **2019-005 Payroll Transfers Recorded in Wrong Period**

The Town reviewed the Payroll Transfer that was made at the bank on 12/31/19 and dated 01/02/20 in QB. The payroll check date was correct 01/02/20. During the week noted, the New Year Holiday fell in the middle of week so payroll was entered into Quick Books and the Payroll Transfers processed at the bank on Tuesday (31<sup>st</sup>) so that everything would be set for direct deposit upon return from the holiday. On Thursday (2<sup>nd</sup>) the transfer was entered in Quick Books, which is the Payroll date. Due to the holiday and payroll falling in the same week, things were processed differently than normal that week, along with it being year-end. In the future, the Town will ensure that transfers are recorded in the correct period so that financial statements are accurate.

### **2019-006 Authorization for Allocation of Sales Tax Revenue Not Clearly Documented**

The sales tax allocation is based on the percentages that were used during the previous administration. The Town will evaluate the sales tax allocation for accuracy to ensure that funds are allocated properly.

### **Statewide Agreed-Upon Procedures**

We will take the comments in the accountant's report on agreed-upon procedures under advisement and take action as considered necessary.

The Town will take the comments and recommendations from the management letter under advisement. We hope that these responses are appropriate and will satisfy your requirements.

Respectfully,



Dr. Xanthe Y. Seals, Mayor