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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

#### **Qualified Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Town of Homer's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions section of our report, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Qualified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Homer, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions

Management is not allocating sales tax revenues to the various funds in accordance with the authorized ordinances as they were originally passed through legislation. The amounts by which the funds are misstated cannot be determined at this time, as there is no basis for the methodology used in determining the allocations except for historical precedent.

#### Substantial Doubt about the Town of Homer's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Homer, Louisiana, will continue as a going concern. As discussed in Note 2 to the financial statements, the Town is experiencing a decline in population, property values, and tax collections. Subsequent to the year ended December 31, 2023, the Town failed to remit payroll taxes, retirement payments and bond payments. Management's evaluation of the events and conditions and management's plans regarding those matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions to the Plans, and the budgetary comparison schedules on pages 41 – 44 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 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.

#### **Supplementary 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 non-major fund financial statements; the schedule of compensation paid to Board of Selectmen; and the schedule of compensation, benefits, reimbursements and other payments to or on behalf of agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements, the schedule of compensation to Board of Selectmen, and the schedule of compensation benefits, reimbursements and other payments to or on behalf of agency head 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 non-major fund financial statements, the schedule of compensation paid to Board of Selectmen, and the schedule of compensation, benefits, reimbursements and other payments to or on behalf of agency head 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 August 18, 2025, 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.

Carr, Riggs, & Ingram, L.L.C.

Carr, Riggs & Ungram, L.L.C.

Shreveport, Louisiana August 18, 2025 **BASIC FINANCIAL STATEMENTS** 

### Town of Homer Statement of Net Position December 31, 2023

	Primary Government						
	Go	vernmental	Bu	siness-type			
		Activities		Activities		Total	
ASSETS							
Cash and cash equivalents	\$	318,784	\$	118,247	\$	437,031	
Cash and cash equivalents - restricted		-		153,123		153,123	
Receivables, net of allowance for uncollectibles		326,762		130,582		457,344	
Internal balances		50,400		-		50,400	
Other assets		5,535		-		5,535	
Capital assets:							
Capital assets not being depreciated		382,848		13,330		396,178	
Capital assets, net of accumulated depreciation		2,692,469		12,595,100		15,287,569	
Total assets		3,776,798		13,010,382		16,787,180	
DEFERRED OUTFLOWS OF RESOURCES							
Pension related		357,344		35,071		392,415	
Total deferred outflows of resources		357,344		35,071		392,415	
LIABILITIES							
Accounts payable		279,786		506,375		786,161	
Payroll and related liabilities		224,789		-		224,789	
Accrued liabilities		79,617		_		79,617	
Accrued interest payable		-		56,128		56,128	
Internal balances		-		50,400		50,400	
Customer deposits payable		-		141,305		141,305	
Non-current liabilities:				•		,	
Due within one year		49,114		669,100		718,214	
Due in more than one year		54,053		5,900,896		5,954,949	
Net pension liability		1,320,434		138,242		1,458,676	
Total liabilities		2,007,793		7,462,446		9,470,239	
DEFERRED INFLOWS OF RESOURCES							
Pension related		148,851		6,343		155,194	
Total deferred inflows of resources		148,851		6,343		155,194	
NET POSITION							
Net investment in capital assets		2,972,150		6,038,434		9,010,584	
Restricted		150,073		11,818		161,891	
Unrestricted (deficit)		(1,144,725)		(473,588)		(1,618,313)	
Total net position (deficit)	\$	1,977,498	\$	5,576,664	\$	7,554,162	
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### Town of Homer Statement of Activities For the Year Ended December 31, 2023

			Program Revenues				Net (Expenses) R	s in Ne	Net Position		
					Operating		P	rima	ry Government		
			C	harges for	<b>Grants and</b>		Sovernmental	В	usiness-type		
	1	Expenses		Services	Contributions		Activities		Activities		Total
Functions/Programs	-										
Governmental Activities:											
General government	\$	1,065,973	\$	112,519	8,946	\$	(944,508)	\$	-	\$	(944,508)
Public safety		1,016,626		45,431	29,821		(941,374)		-		(941,374)
Highways and streets		545,289		-	6,660		(538,629)		-		(538,629)
Health and welfare		25,973		-	-		(25,973)		-		(25,973)
Culture and recreation		200,605		475	-		(200,130)		-		(200,130)
Economic development		203,319		13,625	-		(189,694)		-		(189,694)
Interest expense		145,291		-	-		(145,291)		-		(145,291)
Total governmental activities		3,203,076		172,050	45,427		(2,985,599)		_		(2,985,599)
Business-type activities											
Utility operations		2,165,981		1,233,799	-		-		(932,182)		(932,182)
Total business-type activities		2,165,981		1,233,799	-		-		(932,182)		(932,182)
Total primary government	\$	5,369,057	\$	1,405,849	\$ 45,427	\$	(2,985,599)	\$	(932,182)	\$	(3,917,781)
	Taxe	Property taxes					132,813		-		132,813
		Sales and use t					1,669,262		371,844		2,041,106
		Franchise taxe					100,759		-		100,759
		Other taxes, pe					130,087		-		130,087
		Unrestricted in		_			2,692		2,450		5,142
		Gain on sale of	asset	S			-		57,353		57,353
		Other					171,540		4,087		175,627
		sfers					342,305		(342,305)		2 642 007
		Total general r	evenu	ies and transfer	S		2,549,458		93,429		2,642,887
	Char	nge in net posit	ion				(436,141)		(838,753)		(1,274,894)
	Net	position at beg	inning	of year			2,413,639		6,415,417		8,829,056
	Net	position at end	of yea	ar		\$	1,977,498	\$	5,576,664	\$	7,554,162

## Town of Homer Balance Sheet – Governmental Funds December 31, 2023

					Special Rever	nue Fu	unds						
	 General	Street		Industria Street Developm		Police		Fire		Nonmajor		Go	Total vernmental Funds
ASSETS													
Cash and cash equivalents	\$ 110,719	\$	23,257	\$	790	\$	16,900		127,375	\$	39,743	\$	318,784
Receivables, net	222,507		31,863		-		43,198		9,192		20,002		326,762
Due from other funds	170,944		-		-		-		-		-		170,944
Other assets	2,205		3,330		-		-		-		-		5,535
Total assets	\$ 506,375	\$	58,450	\$	790	\$	60,098	\$	136,567	\$	59,745	\$	822,025
LIABILITIES													
Liabilities:													
Accounts payable	\$ 59,233	\$	65,324	\$	19,459	\$	96,011	\$	4,009	\$	35,750	\$	279,786
Payroll and related liabilities	220,346		-		-		-		-		-		220,346
Accrued liabilities	79,617		-		-		-		-		-		79,617
Due to other funds	 =		30,573		<u>-</u> _		83,491		2,997		3,483		120,544
Total liabilities	359,196		95,897		19,459		179,502		7,006		39,233		700,293
Deferred Inflows - Property taxes	29,034		-		-		-		-		-		29,034
FUND BALANCES													
Restricted fund balances	-		-		-		-		129,561		20,512		150,073
Unassigned fund balances (deficit)	 118,145		(37,447)		(18,669)		(119,404)		-		<u>-</u> _		(57,375)
Total fund balance (deficit)	118,145		(37,447)		(18,669)		(119,404)		129,561		20,512		92,698
Total liabilities, deferred inflows of													
resources, and fund balances	\$ 506,375	\$	58,450	\$	790	\$	60,098	\$	136,567	\$	59,745	\$	822,025

# Town of Homer Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2023

Total Fund balances - governmental funds	\$ 92,698
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net used in governmental activities, net of accumulated depreciation of (\$7,356,396), are not financial resources, therefore, are not reported in the funds.	3,075,317
Unearned revenue from the fund financial statements recognized in the government-wide financial statements	29,034
Deferred items for pension related items are not reported in the fund financial statements:	
Deferred outflows	357,344
Deferred inflows	(148,851)
Accrued interest related to long-term debt is not reported in the fund statements.	(4,443)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Net pension liability	(1,320,434)
Capital leases	(103,167)
Net position of governmental activities	\$ 1,977,498

# Town of Homer Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2023

		Special Revenue Funds								
	General	Street	Industrial Development		Police		Fire	Nonmajor	Go	Total vernmental Funds
REVENUES										
Taxes:										
Ad valorem	\$ 135,307	\$ -	\$ -	\$		\$	-	\$ -	\$	135,307
Sales and use	683,403	276,026	-		420,283		86,090	203,461		1,669,263
Franchise	100,759	-	-		-		-	-		100,759
Other taxes, penalties and interest	130,087	-	-		-		-	-		130,087
Licenses and permits	72,636	-	-		-		-	-		72,636
State funds:										
Supplemental pay	-	-	-		18,000		-	-		18,000
Other state funds	-	-	11,821	L	-		-	-		11,821
Charges for services	15,026	6,660	-		2,419		55	-		24,160
Fines	-	-	-		39,883		-	-		39,883
Rental income	6,875	-	6,750	)	-		-	-		13,625
Interest earned	776	119	24	ı	168		1,342	262		2,691
Other revenues	76,019	200	-		8,129		105,577	2,481		192,406
Total revenues	1,220,888	283,005	18,595	5	488,882		193,064	206,204		2,410,638
EXPENDITURES										
Current:										
General government:										
Legislative	35,400	-	-		-		-	-		35,400
Finance and administrative	461,670	-	-		-		-	-		461,670
Other general government	556,650	-	-		-		-	-		556,650
Public safety:										
Department of Motor Vehicles	23,984	-	-		-		-	-		23,984
Police Department	-	-	-		989,231		-	-		989,231
Fire Department	-	-	-		-		131,090	-		131,090
Highways and streets	-	483,161	-		-		-	-		483,161
Health and welfare	25,180	16,028	-		-		-	-		41,208
Culture and recreation	3,619	-	-		-		-	152,495		156,114
Economic development	2,100	-	61,507	7	-		-	16,727		80,334
Debt service:										
Principal	_	-	_		11,039		-	36,083		47,122
Interest and other charges	_	-	_		3,684		-	5,378		9,062
Capital outlay	_	-	_		9,900		78,000	· -		87,900
Total expenditures	1,108,603	499,189	61,507		1,013,854		209,090	210,683		3,102,926
Excess (deficiency) of revenues over										
(under) expenditures	 112,285	 (216,184)	(42,912	2)	(524,972)		(16,026)	(4,479)		(692,288)
OTHER FINANCING SOURCES										
(USES)	40.400	455 507	24.246		205 202			25.474		650.024
Operating transfers in	49,400	155,507	34,348	3	395,392		-	25,174		659,821
Operating transfers out	 (264,666)	 						(52,850)		(317,516)
Total other financing sources and uses	 (215,266)	 155,507	34,348		395,392			(27,676)		342,305
Net change in fund balances	(102,981)	(60,677)	(8,564	1)	(129,580)		(16,026)	(32,155)		(349,983)
Fund balances as beginning of year	 221,126	 23,230	(10,105	5)	10,176		145,587	52,667		442,681
Fund balances (deficit) at end of year	\$ 118,145	\$ (37,447)	\$ (18,669	9) \$	(119,404)	\$	129,561	\$ 20,512	\$	92,698

#### **Town of Homer**

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ (349,983)
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.	
Capital outlay	87,900
Depreciation	(273,672)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Revenues deferred in the prior year	(31,528)
Revenues deferred in the current year	29,034
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.	
Finance purchase payments	47,122
Pension expense	27,054
Contributions to pension plan from third parties	 27,932
Change in net position of governmental activities	\$ (436,141)

### Town of Homer Statement of Net Position Proprietary Funds December 31, 2023

	Enterprise Fund				
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 118,247				
Receivables, net	130,582				
Total current assets	248,829				
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	153,123				
Total restricted assets	153,123				
Capital Assets, net					
Total capital assets (net of					
accumulated depreciation)	12,608,430				
Total noncurrent assets	12,761,553				
Total assets	13,010,382				
DEFERRED OUTFLOWS					
Pension related	35,071				
TensionTelaced	33,071				
LIABILITIES					
Current Liabilities:					
Accounts payable	506,375				
Accrued interest	56,128				
Due to other funds	50,400				
Customer deposits payable	141,305				
Current portion of Long-term Liabilities	669,100				
Total current liabilities	1,423,308				
Noncurrent Liabilities:					
Noncurrent portion of Long-term Liabilities	5,900,896				
Net pension liability	138,242				
Total noncurrent liabilities	6,039,138				
Total liabilities	7,462,446				
DEFERRED INFLOWS OF RESOURCES					
Pension related	6,343				
NET POSITION					
Net investment in capital assets	6,038,434				
Restricted	11,818				
Unrestricted net position (deficit)	(473,588)				
TOTAL NET POSITION	\$ 5,576,664				

# Town of Homer Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2023

	Enterprise Fund					
OPERATING REVENUES						
Charges for sales and services						
Water charges	\$ 796,870					
Sewer charges	423,241					
Garbage charges	13,688					
Total operating revenues	1,233,799					
OPERATING EXPENSES						
Depreciation expense	572,791					
Insurance expense	23,464					
Maintenance and repair	185,239					
Materials and supplies	14,820					
Operating costs	851,232					
Professional fees	16,162					
Salaries and related benefits	282,500					
Utilities	98,449_					
Total operating expenses	2,044,657					
Operating income (loss)	(810,858)					
NONOPERATING REVENUES (EXPENSES)						
Sales and use tax	371,844					
Interest earned	2,450					
Gain on sale of assets	57,353					
Other revenues	4,087					
Interest expense	(121,324)					
Total nonoperating revenue (expenses)	314,410					
Income (loss) before transfers	(496,448)					
Transfers out	(342,305)					
Net transfers in (out)	(342,305)					
Change in net position	(838,753)					
Net position at beginning of year	6,415,417					
Net position at end of year	\$ 5,576,664					

# Town of Homer Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2023

	Enterprise Fund					
Cash flows from operating activities:	'					
Receipts from customers and users	\$	1,272,657				
Payments to suppliers		(853,530)				
Payments to employees		(282,170)				
Net cash provided by operating activities		136,957				
Cash flows from noncapital financing activities:						
Transfer to other funds		(342,305)				
Proceeds from sales taxes		371,844				
Other receipts		4,087				
Net cash provided by noncapital and related financing activities		33,626				
Cash flows from capital and related financing activities:						
Proceeds from capital debt		5,493				
Purchases of capital assets		(21,500)				
Proceeds from sale of capital assets		95,000				
Principal paid on capital debt		(140,196)				
Interest paid on capital debt		(43,409)				
Net cash used by capital and related financing activities		(104,612)				
Cash flows from investing activities:						
Interest received		2,450				
Net cash provided by investing activities		2,450				
Net increase (decrease) in cash and cash						
equivalents		68,421				
Cash and cash equivalents, beginning of year		202,949				
Cash and cash equivalents, end of year	\$	271,370				
		(Continued)				

# Town of Homer Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2023

Reconciliation of operating loss to net cash		Enterprise Fund				
provided by operating activities:						
Operating loss	\$	(810,858)				
Adjustments to reconcile operating loss to cash						
cash provided by operating activities:						
Depreciation expense		572,791				
Allowance for doubtful accounts		75,982				
(Increase) Decrease in						
(Increase) Decrease in accounts receivable		(43,434)				
Increase (Decrease) in						
Increase (decrease) in accounts payable		335,836				
Increase (decrease) in customer deposits		6,310				
Increase (decrease) in net pension liabilities		330				
Total adjustments		947,815				
Net cash provided by operating activities	\$	136,957				

#### **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, 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, 2023.

#### **Reporting Entity**

GASB Statement No. 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.

#### **Government-wide and Fund Financial Statements**

The financial transactions of the Town are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balance accounts that includes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained with legal and managerial requirements.

The Town uses the following fund categories and fund types:

#### Governmental Funds

Governmental funds account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of long-term debt.

Governmental funds are divided into major and non-major funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Non-major funds are the governmental funds that do not meet the dollar test for major funds.

#### Government-wide and Fund Financial Statements (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the Town has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

#### Government-wide and Fund Financial Statements (Continued)

**Fund Financial Statements** 

The Town reports the following major governmental funds:

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 Streets 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 Fire Fund accounts for the operations of the fire department financed by sales taxes, grants, and transfers from the General Fund.

The Town reports one proprietary fund, which is an enterprise fund that accounts for the operations of the water system, sewer system, and garbage services for the Town.

The Town reports the following non-major governmental funds:

The Town has three non-major Special Revenue funds. For a description of these funds, see the Non-major Funds section of this report.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items include ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end.

#### Government-wide and Fund Financial Statements (Continued)

Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditures have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

#### Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position / Fund Balance

#### Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

#### Receivables

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.

#### **Interfund Activities and Transactions**

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as Interfund balances on the fund financial statements balance sheet.

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund balances as receivables and/or payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-wide financial statements.

#### **Restricted Assets**

Restricted assets represent primarily cash 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 column 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 an 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 of 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 terms 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 system, 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.

#### **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 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 cost, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has one item that qualifies for reporting as deferred outflows of resources, the deferred outflows related to pensions, reported in the government-wide and proprietary fund statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has two items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided Through Trusts That Meet Specified Criteria. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **Pensions**

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

#### **Fund Balance Classifications and Net Position**

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the Town's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Council approved resolutions.

Assigned fund balances are those determined by the Mayor and Treasurer, under authority given under a resolution of the Council, as needed for the payment of future commitment.

Unassigned fund balance is the residual classification for the General Fund.

The Town has no nonspendable, committed, or assigned fund balances as of December 31, 2023.

Sometimes the Town will make expenditures for a particular purpose form both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's practice to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

#### **Elimination and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

#### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 18, 2025. See Note 16 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### **Adopted Accounting Pronouncements**

The Governmental Accounting Standards Board has issued statements that have been adopted by the Town of Homer:

In May 2020, GASB issues Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation cost of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on standards established in Statement No. 87, Leases, as amended.

This Statement did not have a material effect on the financial statements of the Town.

#### **Future Accounting Pronouncements**

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2022, the GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Town is evaluating the requirements of the above statements and the impact on financial reporting.

#### Note 2: GOING CONCERN AND MANAGEMENT'S PLANS

During the fiscal year ended December 31, 2023, the Town of Homer has experienced cash-flow issues resulting in its failure to properly remit payroll taxes, retirement plan payments and make timely bond payments for the outstanding revenue related bonds.

The Water System's debt is payable only from the net revenues of the System (meaning that operating expenses are paid before debt service). Any deficits in funding would need to be subsidized from the Town's general fund.

Current projections for the calendar year 2024 show that the net revenues of the System will be insufficient to service the System's debt. As of the date of this report, the Fiscal Administrator has been successful in restructuring the bond payments for 2023 and 2024 to Capital One, Louisiana Department of Health, and Louisiana Department of Environmental Quality and utilize an escrow agent to make monthly payments to ensure that enough funds are available to make necessary bond payments. Monthly payments are also required to be paid to the escrow agent for the required bond reserve accounts for the Louisiana Department of Health and Louisiana Department of Environmental Quality bond issues. The Fiscal Administrator had a rate study performed by the Louisiana Rural Water Association and implemented their recommended rates to increase revenues of the System. The recommended rates went into effect November 1, 2024. See Note 16 regarding appointment of the Fiscal Administrator.

The Fiscal Administrator is reviewing policies and procedures and identifying the necessary resources that are required to ensure that Town of Homer is fiscally responsible going forward.

#### **Note 3: 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, 2023, the Town has cash and cash equivalents as follows:

			Bank	
	Вос	E	Balances	
Cash on deposit	\$	589,654	\$	612,470
Petty cash		500		-
Total cash and cash equivalents	\$	590,154	\$	612,470
Federal Depository Insurance Coverage			\$	250,000
Pledged Securities				499,351
Total collateral for deposits			\$	749,351

As of December 31, 2023, all deposits were collateralized in accordance with statute.

**Note 5: RECEIVABLES** 

The following is a summary of receivables at December 31, 2023:

		Taxes						
		and	Α	ccounts				Net
	I	Licenses	Re	ceivable	Intergo	vernmental	Re	ceivables
General Fund	\$	222,507	\$	-	\$	-	\$	222,507
Street Fund		28,563		-		3,300		31,863
Police Fund		43,198		-		-		43,198
Fire Fund		9,192		-		-		9,192
Non-major funds		20,002		-		-		20,002
Total governmental activities		323,462		-		3,300		326,762
Enterprise Fund		34,283		96,299		-		130,582
Total	\$	357,745	\$	96,299	\$	3,300	\$	457,344

#### **Note 6: CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended December 31, 2023, follows:

	 Beginning Balance Increases D		Dec	Decreases		Ending Balance	
Governmental activities:							
Capital assets not being depreciated:		_					
Land	\$ 178,313	\$	=	\$	-	\$	178,313
Construction in progress	 204,535		_				204,535
Total capital assets	202.040						202.040
not being depreciated	 382,848						382,848
Capital assets being depreciated:							
Infrastructure	3,330,717		-		-		3,330,717
Land improvements	4,084,458		-		-		4,084,458
Buildings	971,033		-		-		971,033
Building improvements	324,784		-		-		324,784
Furniture and equipment	609,226		78,000		-		687,226
Vehicles	640,747		9,900		-		650,647
Total capital assets							
being depreciated	9,960,965		87,900		-		10,048,865
Less accumulated depreciation for:							
Infrastructure	2,721,663		68,453		-		2,790,116
Land improvements	2,387,092		90,150		-		2,477,242
Buildings	778,250		13,694		-		791,944
Building improvements	156,235		12,953		-		169,188
Furniture and equipment	484,977		62,022		-		546,999
Vehicles	554,507		26,400		-		580,907
Total accumulated depreciation	 7,082,724		273,672		-		7,356,396
Total capital assets							
being depreciated, net	2,878,241		(185,772)		-		2,692,469
Governmental activities,			<u> </u>				-
capital assets, net	\$ 3,261,089	\$	(185,772)	\$		\$	3,075,317

#### **Note 6: CAPITAL ASSETS (Continued)**

Depreciation expense was charged as follows for governmental activities:

Governmental activities:	
General government	\$ 14,201
Public safety	42,013
Highways and streets	42,843
Culture and recreation	52,187
Economic development	122,428
Total depreciation expense	\$ 273,672

	_	nning ance	Inc	reases	Dec	ceases	Ending Balance
Business-type activities:							
Capital assets not being depreciated:							
Land	\$	13,330	\$	-	\$	-	\$ 13,330
Construction in progress		-		-			-
Total capital assets					'		 
not being depreciated		13,330		-		-	 13,330
Capital assets being depreciated:							
Infrastructure	22	,671,764		-		-	22,671,764
Buildings		127,367		-		-	127,367
Furniture and equipment		124,845		21,500		-	146,345
Vehicles		352,832		-	1	25,491	227,341
Total capital assets							
being depreciated	23	,276,808		21,500	1	.25,491	 23,172,817
Less accumulated depreciation for:							
Infrastructure	9	,569,556		542,995		-	10,112,551
Buildings		127,367		-		-	127,367
Furniture and equipment		109,652		8,932		-	118,584
Vehicles		286,195		20,864		87,844	 219,215
Total accumulated depreciation	10	,092,770		572,791		87,844	10,577,717
Total capital assets							
being depreciated, net	13	,184,038		(551,291)		37,647	 12,595,100
Business-type activities,							
capital assets, net	\$1	3,197,368	(	\$551,291)		\$37,647	\$12,608,430

Depreciation expense of \$572,791 was charged to utility operations for business-type activities on the statement of activities for the year ended December 31, 2023.

#### Note 7: INTERFUND BALANCES AND TRANSFERS

As of December 31, 2023, the Enterprise fund had an interfund balance of \$50,400 that was owed to the General fund for reimbursement of a vehicle purchase and payroll. The Streets Fund, Police Fund, Recreation and Fire Funds had balances owed to the General Fund in the amounts of \$30,573, \$83,491, \$3,483 and \$2,997, respectively.

The composition of interfund transfers for the year ended December 31, 2023, is as follows:

			Tra	nsfers out					
	General		Eı	nterprise	Contingency			Total	
General	\$	4,700	\$	44,700	\$	-	\$	49,400	
Street		59,892		68,039		27,576		155,507	
Industrial Development		6,100		23,948		4,300		34,348	
Police		187,774		201,618		6,000		395,392	
Recreation		2,100		2,200		8,474		12,774	
Hotel		4,100		1,800		6,500		12,400	
Total	\$	264,666	\$	342,305	\$	52,850	\$	659,821	
	General Street Industrial Development Police Recreation Hotel Total	General \$ Street Industrial Development Police Recreation Hotel	General       \$ 4,700         Street       59,892         Industrial Development       6,100         Police       187,774         Recreation       2,100         Hotel       4,100	General English Street \$ 4,700 \$ Street \$ 59,892 Industrial Development \$ 6,100 Police \$ 187,774 Recreation \$ 4,100	General         \$ 4,700         \$ 44,700           Street         59,892         68,039           Industrial Development         6,100         23,948           Police         187,774         201,618           Recreation         2,100         2,200           Hotel         4,100         1,800	General         Enterprise         Cor           General         \$ 4,700         \$ 44,700         \$           Street         59,892         68,039           Industrial Development         6,100         23,948           Police         187,774         201,618           Recreation         2,100         2,200           Hotel         4,100         1,800	General         Enterprise         Contingency           General         \$ 4,700         \$ 44,700         \$ -           Street         59,892         68,039         27,576           Industrial Development         6,100         23,948         4,300           Police         187,774         201,618         6,000           Recreation         2,100         2,200         8,474           Hotel         4,100         1,800         6,500	General         Enterprise         Contingency           General         \$ 4,700         \$ 44,700         \$ - \$           Street         59,892         68,039         27,576           Industrial Development         6,100         23,948         4,300           Police         187,774         201,618         6,000           Recreation         2,100         2,200         8,474           Hotel         4,100         1,800         6,500	

Interfund transfers include unrestricted amounts transferred to subsidize other funds.

#### **Note 8: LONG-TERM OBLIGATIONS**

Long-term obligation activity for the year ended December 31, 2023, follows:

	E	Beginning Balance	Add	ditions	R	eductions	Ending Balance	ie Within One Year
Governmental activities:								
Financed purchases	\$	150,289	\$	-	\$	(47,122)	\$ 103,167	\$ 49,114
Net pension liability		1,501,968		-		(181,534)	1,320,434	-
Total governmental activities	\$	1,652,257	\$	-	\$	(228,656)	\$ 1,423,601	\$ 49,114
Business-type activities:								
Revenue Bonds - 2013 Issue	\$	1,450,000	\$	-	\$	-	\$ 1,450,000	\$ 225,000
LDEQ Revolving Loan		1,609,197		-		(140,197)	1,469,000	140,000
LDHH Revolving Loan		1,707,041		-		-	1,707,041	225,000
Utility Revenue Notes, Series 2018 (USDA)		1,943,955		-		-	1,943,955	79,100
Net pension liability		165,450		-		(27,208)	138,242	-
Total business-type activities	\$	6,875,643	\$	-	\$	(167,405)	\$ 6,708,238	\$ 669,100

#### **NOTE 8: LONG-TERM OBLIGATIONS (Continued)**

Annual debt service requirements for long-term debt are as follows:

Principle Requirements		2013 Revenue Bonds		USDA Revenue Bonds		LDEQ Revolving Loan		LDHH Revolving Notes	P	inanced urchases		Total
2024	\$	225,000	\$	79,100	\$	140,000	\$	225,000	\$	49,114	\$	718,214
2025		120,000		40,436		142,000		120,000		29,444		451,880
2026		125,000		41,038		143,000		125,000		24,609		458,647
2027		125,000		41,649		145,000		130,000		-		441,649
2028		130,000		42,270		146,000		135,000		-		453,270
2029-2033		725,000		220,983		753,000		750,000		-		2,448,983
2034-2038		-		237,938		-		222,041		-		459,979
2039-2043		-		256,195		-		-		-		256,195
2044-2048		-		275,852		-		-		-		275,852
2049-2053		-		297,018		-		-		-		297,018
2054-2058		-		319,808		-		-		-		319,808
2059-2063		-		91,668				-		-		91,668
Total	\$	1,450,000	\$	1,943,955	\$	1,469,000	\$	1,707,041	\$	103,167	\$	6,673,163
Interest		2013 Revenue		USDA Revenue		LDEQ Revolving		LDHH Revolving	F	inanced		
Requirements		Bonds		Bonds		Loan		Notes		ırchases		Total
•	ć		ć		ć		ć				ć	
2024	\$	43,550	\$	27,910	\$	6,760	\$	50,358	\$	4,207	\$	132,785
2025		39,813		27,316		6,198		43,720		2,174		119,221
2026		35,913		26,714		5,626		40,180		1,080		109,513
2027		31,850		26,103		5,050		36,493		-		99,496
2028		27,788		25,482		4,470		32,658				90,398
2029-2033		72,314		117,778		13,454		100,601		-		304,147
2034-2038		-		100,822		-		8,233		-		109,055
2039-2043		-		82,565		-		-		-		82,565
2044-2048		-		62,908		-		-		-		62,908
2049-2053		-		41,742		-		-		-		41,742
2054-2058		-		18,952		-		-		-		18,952
2059-2063		-		988		-		-		-		988
	\$	251,228	\$	559,280	\$	41,558	\$	312,243	\$	7,461	\$	1,171,770
Total Future		2013 Revenue		USDA Revenue		LDEQ Revolving		LDHH Revolving	F:	inanced		
Debt Requirements		Bonds		Bonds		Loan		Notes		ırchases		Total
•											ć	
2024		268,550		107,010		146,760		275,358		53,321	\$	850,999
2025		159,813		67,752		148,198		163,720		31,618		571,101
2026		160,913		67,752		148,626		165,180		25,689 -		568,160
2027		156,850		67,752		150,050		166,493		-		541,145
2028		157,788		67,752		150,470		167,658		-		543,668
2029-2033		797,314		338,761		766,454		850,601		-		2,753,130
2034-2038		-		338,760		-		230,274		-		569,034
2039-2043		-		338,760		-		-		-		338,760
2044-2048		-		338,760		-		-		-		338,760
2049-2053		-		338,760		-		-		-		338,760
2054-2058		-		338,760		-		-		-		338,760
2059-2063	-			92,656				-		-		92,656
	\$	1,701,228	\$	2,503,235	\$	1,510,558	\$	2,019,284	\$	110,628	\$	7,844,933

Interest expense for governmental activities and business-type activities for the year ended December 31, 2023, totaled \$9,062 and \$121,324, respectively.

#### Note 8: LONG-TERM OBLIGATIONS (Continued)

During the year ended December 31, 2023, and subsequent to year end, the Town was not in compliance with debt covenant reserve requirements for outstanding debt. During the year ended December 31, 2023, the Town did not make required debt payments of principle and interest for the 2023 Revenue Bonds, Louisiana Department of Health and Hospitals Loan, and Series 2018 Utility Revenue Notes. As of the date of this report, the outstanding debt was not called. The Fiscal Administrator is implementing plans to ensure the Town becomes compliant during the year ending December 31, 2025.

#### Note 9: FUND BALANCE AND NET POSITION

Restricted net position is restricted for cash held for customer meter deposits and debt service requirements.

#### **Note 10: RETIREMENT SYSTEMS**

#### Municipal Employees' Retirement System of Louisiana

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

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 of 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.

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. MERSLA also provides death and disability benefits. Benefits are established or amended by state statute.

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

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

#### **Contributions**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2023, the actual employer contribution rate was 29.50% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, MERSLA 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 to MERSLA monthly. The Town's contributions to MERSLA under Plan A for the year ended December 31, 2023, were \$150,411.

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

Net pension liability at December 31, 2023, is comprised of the Town's proportionate share of the net pension liability relating to MERSLA. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liability for MERSLA was based on the Town's required contributions in proportion to the total required contributions for all participating employers, actuarially determined.

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

As of the most recent measurement date, the Town's proportion for MERSLA and the change in proportion from the prior measurement date are as follows:

Proportion (%) of net pension liability	0.233786%
Increase / decrease from prior measurement date	-0.01244%
<u>Propo</u>	ortionate Share
Total Pension Liability \$	3,102,567
Plan Fiduciary Net Position	2,248,111
Total Collective Net Pension Liability \$	854,456

For the year ended December 31, 2023, the Town recognized pension expense of \$18,849.

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	d Outflows of esources	ed Inflows of esources
Change in investment earnings	\$ 98,185	\$ -
Change in proportion and difference in contributions	38,400	31,394
Change in experience	574	7,812
Employer contributions	79,610	-
Total	\$ 216,769	\$ 39,206

Town contributions subsequent to the measurement date of \$79,610 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	A	mount
2024	\$	41,349
2025	\$	(8,378)
2026	\$	71,230
2027	\$	(6,248)

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

#### **Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, are as follows:

Valuation Date June 30, 2023
Actuarial Cost Method Entry Age Normal Cost

Expected Remaining Service Lives 3 years

Mortality

Investment Rate of Return 6.850%, net of investment expense

Inflation Rate 2.5%

Salary Increases Vary from 6.4% in the first four years of service to 4.5% after 4 years

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System

and includes previously granted cost-of-living increases. The present values do not include provisions for

potential future increases not yet authorized by the Board of Trustees. PubG-2010(B) Healthy Retiree Table for annuitants and beneficiaries

and employees.

PubNS-2010(B) Disabled Retiree Table with the full generational MP2018 scale.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the MERSLA's target allocation as of June 30, 2023, are summarized in the following table:

		Rates of Return			
Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return			
Public equity	56.00%	2.44%			
Public fixed income	29.00%	1.26%			
Alternatives	15.00%	0.65%			
System Total	100.00%	4.35%			
Inflation		2.50%			
Expected nominal return		6.85%			

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

The discount rate used to measure the total pension liability was 6.850%, unchanged from 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of MERSLA's actuary. Based on those assumptions, MERSLA's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2023.

	1% Decrease 5.850%	Current Discount Rate 6.850%	1% Increase 7.850%
Net pension liability	\$ 1,184,594	\$ 854,456	\$ 575,588

#### Municipal Police Employees' Retirement System of Louisiana

#### **Plan Description**

The Town of Homer contributes to the Municipal Police Employees' Retirement System of Louisiana (MPERS) which is a cost-sharing multiple-employer defined benefit pension plan. Membership in MPERS 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 arrest, 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 one 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.

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.

#### Note 10: RETIREMENT SYSTEMS (Continued)

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

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 3% and 2.5%, 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. MPERS also provides death and disability benefits. Benefits are established or amended by state statute.

MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information. 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 their website www.lampers.org.

#### Contributions

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. MPERS employee members hired prior to January 1, 2013, contributed 10.0% of earned compensation of the year ended December 31, 2023. For the same members, employer contributions were 32.25%. All employees hired on or after January 1, 2013, become members of either the Hazardous Duty Sub-plan, or the Non-hazardous Duty Sub-plan. Employee and employer contribution rates for the Hazardous Duty Sub-plan are the same as for those hired prior to January 1, 2013. For employees belonging to the Non-hazardous Duty Sub-plan, the contribution rate was 8.0%, and the employer rate was 32.25%. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The Town's contribution to MPERS for the year ended December 31, 2023, was \$70,145

Non-employer contributions are recognized as revenue during the year ended December 31, 2022, and were excluded from pension expense. Non-employer contributions received by the System for the Town during the plan year ended June 30, 2023, were \$13,190.

#### Note 10: RETIREMENT SYSTEMS (Continued)

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

Net pension liability at December 31, 2023, is comprised of the Town's proportionate share of the net pension liability relating to MPERS. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liability for MPERS was based on the Town's required contributions in proportion to the total required contributions for all participating employers, actuarially determined. As of the most recent measurement date, the Town's proportion for MPERS and the change in proportion from the prior measurement date are as follows:

Proportion (amount) of net pension liability Proportion (%) of net pension liability	\$	604,221 0.057191%
Increase / decrease from prior measurement date		-0.00589%
	Proport	ionate Share
Total Pension Liability	\$	2,105,518
Plan Fiduciary Net Position		1,501,297
Total Collective Net Pension Liability	Ġ	604,221

For the year ended December 31, 2023, the Town recognized pension (benefit) of \$(43,506). At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Inflows of Resources		
\$ 65,229	\$	-		
10,083		-		
11,117		115,299		
42,561		253		
46,656		-		
\$ 175,646	\$	115,552		
	10,083 11,117 42,561 46,656	Resources         R           \$ 65,229         \$           10,083         11,117           42,561         46,656		

Town contributions subsequent to the measurement date of \$46,656 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount		
2024	\$	(684)	
2025	\$	(30,897)	
2026	\$	48,259	
2027	\$	(3,240)	

#### Note 10: RETIREMENT SYSTEMS (Continued)

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

#### **Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date June 30, 2023

Actuarial Cost Method Entry Age Normal Cost

Expected Remaining Service Lives 2023 - 4 years
2022 - 4 years
2021 - 4 years

2020 - 4 years

Investment Rate of Return 6.750%, net of investment expense

Inflation Rate 2.5%

Salary Increases Vary from 12.30% in the first two years of service to 4.70% after 2 years

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System

and includes previously granted cost-of-living increases. The present values do not include provisions for

potential future increases not yet authorized by the Board of Trustees.

Mortality The Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees

multiplied by 115% for males and 125% for females, each with full generational projection using MP 2019  $\,$ 

scale was used for employees, annuitant and beneficiaries, and disabled annuitants.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the MPERS' target allocation as of June 30, 2023, are summarized in the following table:

		Rates of Return
Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternatives	14.00%	0.95%
System Total	100.00%	5.36%
Inflation		2.54%
Expected nominal return		7.90%

#### **NOTE 10: RETIREMENT SYSTEMS (Continued)**

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

The discount rate used to measure the total pension liability was 6.750%, unchanged from 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of MPERS' actuary. Based on those assumptions, MPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2023.

		Current			
	1% Decrease 5.750%		count Rate 6.750%	1% Increase 7.750%	
Net pension liability	\$ 850,187	\$	604,221	\$	298,749

#### **Note 11: 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 and related expenditures under this arrangement totaled \$18,000 and are included in the Police Fund.

#### **NOTE 12: COMMITMENTS AND CONTINGENCIES**

At December 31, 2023, 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.

The Louisiana Legislative Auditor has started an investigation subsequent to year end of the finances of the Town of Homer. The investigation is an ongoing matter and has not been finalized by the issuance of this report.

#### **Note 13: 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.

#### **Note 14: STEWARDSHIP**

For the year ended December 31, 2023, for the sum of expenditures and operating transfers out, actual amounts exceeded budget amounts in the following funds:

	Final			Actual	Ur	nfavorable
Fund	Budget					Variance
General Fund	\$	1,233,674	\$	1,373,269	\$	(139,595)
Street	\$	472,762	\$	499,189	\$	(26,427)
Police	\$	869,494	\$	1,013,854	\$	(144,360)
Fire	\$	75,530	\$	209,090	\$	(133,560)
Recreation	\$	152,650	\$	193,956	\$	(41,306)
Enterprise	\$	1,721,326	\$	2,508,286	\$	(786,960)

#### **Note 15: FUND BALANCE**

The Street Fund, Industrial Development Fund, and Police Fund had deficit fund balances of \$37,447, \$18,669, and \$119,404, respectively. These fund deficits will be satisfied with future revenues of the fund and/or through transfers from the General Fund.

#### **Note 16: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 18, 2025, the date on which the financial statements were available to be issued.

On July 31, 2024, a Consent Judgment was issued to have a Fiscal Administrator appointed to take over operations and assess the financial health of the Town of Homer and report quarterly to Louisiana Legislative Auditor, Louisiana State Treasurer, Louisiana Department of Justice, and District Judge of the Second Judicial District Court.

In 2024, the Louisiana Legislative Auditor began an investigation related to the finances of the Town of Homer. No report has been issued related to this investigation.

**REQUIRED SUPPLEMENTARY INFORMATION** 

# Town of Homer Budgetary Comparison Schedule General Fund (Unaudited) For the Year Ended December 31, 2023

	Budgete		with Final Budget Favorable		
	Original	Final	Actual	(Unfavorable)	
Revenues:				_	
Taxes	\$ 1,103,570	\$ 1,103,570	\$ 1,049,556	\$ (54,014)	
Licenses and permits	85,000	85,000	72,636	(12,364)	
Intergovernmental revenues	4,000	4,000	-	(4,000)	
Charges for services	1,300	1,300	15,026	13,726	
Lease income	6,747	6,747	6,875	128	
Interest earned	1,500	1,500	776	(724)	
Other revenues	41,000	41,000	76,019	35,019	
Total revenues	1,243,117	1,243,117	1,220,888	(22,229)	
Expenditures:					
Current:					
General government					
Legislative	35,400	35,400	35,400	-	
Finance and administrative	-	-	461,670	(461,670)	
Other general government	775,274	775,274	556,650	218,624	
Public safety	-	-	23,984	(23,984)	
Health and welfare	-	-	25,180	(25,180)	
Culture and recreation	9,000	9,000	3,619	5,381	
Economic development	-	-	2,100	(2,100)	
Total expenditures	819,674	819,674	1,108,603	(288,929)	
Excess (deficiency) of revenues over					
expenditures	423,443	423,443	112,285	(311,158)	
Othersessesses					
Other sources (uses):			40.400	40.400	
Operating transfers in	- (44.4.000)	- (400,000)	49,400	49,400	
Operating transfers out	(414,000)	(408,000)	(264,666)	143,334	
Total other sources (uses)	(414,000)	(408,000)	(215,266)	192,734	
Net change in fund balance	9,443	15,443	(102,981)	(118,424)	
Fund balance at beginning of year	221,126	221,126	221,126	-	
Fund balance at end of year	\$ 230,569	\$ 236,569	\$ 118,145	\$ (118,424)	

# Town of Homer Budgetary Comparison Schedule Police Fund (Unaudited) For the Year Ended December 31, 2023

	Budgete	d Amounts		with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 457,635	\$ 457,635	\$ 438,283	\$ (19,352)
Charges for services	56,658	56,658	2,419	(54,239)
Fines	25,000	25,000	39,883	14,883
Interest earned	100	100	168	68
Other revenues	18,750	18,750	8,129	(10,621)
Total revenues	558,143	558,143	488,882	(69,261)
Expenditures:				
Current				
Public Safety:				
Police Department	869,494	869,494	989,231	(119,737)
Debt service				
Principal	-	-	11,039	(11,039)
Interest	-	-	3,684	3,684
Total expenditures	869,494	869,494	1,003,954	(127,092)
Excess (deficiency) of revenues over				
expenditures	(311,351)	(311,351)	(515,072)	(196,353)
experiances	(311)331)	(311)331)	(313)372)	(130,033)
Other sources (uses):				
Operating transfers in	315,000	315,000	395,392	80,392
Capital lease proceeds				
Total other sources (uses)	315,000	315,000	395,392	80,392
Net change in fund balance	3,649	3,649	(119,680)	(115,961)
Fund balance at beginning of year	10,176	10,176	10,176	(113,301)
Fund balance at end of year	\$ 13,825	\$ 13,825	\$ (109,504)	\$ (115,961)
i and balance at end of year	7 13,323	7 13,023	7 (103,304)	7 (113,301)

# Town of Homer Budgetary Comparison Schedule Street Fund (Unaudited) For the Year Ended December 31, 2023

	Budgeted	Amounts		with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes				
Intergovernmental revenues	\$ 261,470	\$ 261,470	\$ 276,026	\$ 14,556
Interest earned	100	100	119	19
Charges for services	1,800	1,800	6,660	4,860
Other revenues	50,224	50,224	200	(50,024)
Total revenues	313,594	313,594	283,005	(30,589)
Expenditures:				
Current:				
Highways and streets	472,762	472,762	483,161	(10,399)
Health and welfare	-	-	16,028	(16,028)
Capital outlay	25,000	25,000		25,000
Total expenditures	497,762	497,762	499,189	(1,427)
Excess (deficiency) of revenues over				
expenditures	(184,168)	(184,168)	(216,184)	(29,162)
Other sources (uses):				
Operating transfers in	166,000	166,000	155,507	(10,493)
Operating transfers out	-	-	-	(==, ==,
Total other sources (uses)	166,000	166,000	155,507	(10,493)
		4.2		<b>155</b> 5 5
Net change in fund balance	(18,168)	(18,168)	(60,677)	(39,655)
Fund balance at beginning of year	23,230	23,230	23,230	- (20.6==)
Fund balance at end of year	\$ 5,062	\$ 5,062	\$ (37,447)	\$ (39,655)

# Town of Homer Budgetary Comparison Schedule Industrial Fund (Unaudited) For the Year Ended December 31, 2023

							Fin	with al Budget
	Budgeted Amounts							avorable
		Original		Final		Actual	(Un	favorable)
Revenues:								
Intergovernmental revenues								
Lease income	\$	20,000	\$	20,000	\$	6,750	\$	(13,250)
Other state funds		-		-		11,821		11,821
Interest earned		100		100		24		(76)
Total revenues		20,100		20,100		18,595		(1,505)
Expenditures:								
Current:								
Economic development		109,750		109,750		61,507		48,243
Total expenditures		109,750		109,750		61,507		48,243
Excess (deficiency) of revenues over								
expenditures		(89,650)		(89,650)		(42,912)		46,738
Other sources (uses):								
Operating transfers in		97,000		97,000		34,348		(62,652)
Operating transfers out		-		-		-		-
Total other sources (uses)		97,000		97,000		34,348		(62,652)
Net change in fund balance		7,350		7,350		(8,564)		(15,914)
Fund balance at beginning of year, restated		(10,105)		(10,105)		(10,105)		-
Fund balance at end of year		(2,755)		(2,755)		(18,669)		(15,914)

# Town of Homer Budgetary Comparison Schedule Fire Fund (Unaudited) For the Year Ended December 31, 2023

		Budgeted Amounts Original Final				Actual	with Final Budget Favorable (Unfavorable)		
Revenues:									
Taxes	\$	76,533	\$	76,533	\$	86,090	\$	9,557	
Interest earned		1,760		1,760		1,342		(418)	
Other revenues		25,100		25,100		105,632		80,532	
Total revenues		103,393		103,393		193,064		89,671	
Expenditures:									
Public safety		72,530		72,530		131,090		(58,560)	
Capital outlay		3,000		3,000		78,000		(75,000)	
Total expenditures		75,530		75,530		209,090		(133,560)	
Excess (deficiency) of revenues over expenditures		27,863		27,863		(16,026)		(43,889)	
Other sources (uses):									
Operating transfers in		-		-		-		_	
Operating transfers out		-		-		-		-	
Total other sources (uses)		-		-		-		-	
Not showed in found belowed		27.002		27.002		(10.020)		(42.000)	
Net change in fund balance		27,863		27,863		(16,026)		(43,889)	
Fund balance at beginning of year Fund balance at end of year		145,587 173,450	\$	145,587 173,450	ċ	145,587 129,561	\$	(43,889)	
runu balance at enu oi year	<u> </u>	1/3,430	Ą	1/3,430	\$	129,301	Ş	(43,009)	

## Town of Homer Schedule of Employer's Proportionate Share of the Net Pension Liability December 31, 2023

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	of	Employer roportionate Share of the Net Pension Liability (Asset)		mployer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
Municipal	Municipal Employees' Retirement System of Louisiana								
2023 2022	0.233786% 0.246222%	\$ \$	854,456 1,022,618	\$ \$	559,053 588,887	152.84% 173.65%	72.46% 64.26%		
2022	0.246222%	۶ \$	595,789	۶ \$	742,130	80.28%	64.26%		
2021	0.214197%	۶ \$	820,220	۶ \$	599,899	136.73%	64.52%		
2019	0.132815%	\$	554,989	\$	538,443	103.07%	64.68%		
2018	0.096060%	\$	397,754	\$	491,922	80.86%	63.94%		
2017	0.094659%	\$	395,999	\$	492,063	80.48%	62.49%		
2016	0.109265%	\$	447,846	\$	507,542	88.24%	62.11%		
2015	0.115336%	\$	411,998	\$	533,229	77.26%	66.18%		
Municipal	Police Employees' Retire	me	nt System						
2023	0.057191%	\$	604,221	\$	271,700	222.39%	71.30%		
2022	0.063081%	\$	644,799	\$	254,803	253.06%	70.80%		
2021	0.079696%	\$	424,824	\$	433,986	97.89%	84.09%		
2020	0.074718%	\$	690,568	\$	470,815	146.68%	70.95%		
2019	0.091785%	\$	833,562	\$	485,851	171.57%	71.01%		
2018	0.085106%	\$	719,491	\$	408,662	176.06%	71.89%		
2017	0.108586%	\$	948,002	\$	397,754	238.34%	70.08%		
2016	0.075859%	\$	711,013	\$	372,838	190.70%	66.04%		
2015	0.065685%	\$	514,573	\$	343,753	149.69%	66.04%		

<sup>\*</sup> The amounts presented have a measurement date of June 30

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

### Town of Homer Schedule of Employer Contributions to the Plans For the Year Ended December 31, 2023

Year *	R	itractually equired tributions		ontributions in Relation to Contractual Required Contributions	D	entribution Deficiency (Excess)	mployer's Covered Payroll	Contributions as a % of Covered Payroll	
Municipal Employees' Re	etirement S	System of Lo	ouisi	ana					
2023	\$	138,615	\$	138,615	\$	-	\$ 559,053	24.79%	
2022	\$	139,209	\$	139,209	\$	-	\$ 588,887	23.64%	
2021	\$	126,656	\$	126,656	\$	-	\$ 742,130	17.07%	
2020	\$	101,665	\$	101,665	\$	-	\$ 599,899	16.95%	
2019	\$	65,008	\$	65,008	\$	-	\$ 538,443	12.07%	
2018	\$	43,598	\$	43,598	\$	-	\$ 491,922	8.86%	
2017	\$	39,265	\$	39,265	\$	-	\$ 492,063	7.98%	
2016	\$	39,048	\$	39,048	\$	-	\$ 507,542	7.69%	
2015	\$	39,286	\$	39,286	\$	-	\$ 533,229	7.37%	
Municipal Police Employ	ees' Retire	ment Systei	m						
2023	\$	60,544	\$	60,544	\$	-	\$ 271,700	22.28%	
2022	\$	57,935	\$	57,935	\$	-	\$ 254,803	22.74%	
2021	\$	82,068	\$	82,068	\$	=	\$ 433,986	18.91%	
2020	\$	79,091	\$	79,091	\$	=	\$ 470,815	16.80%	
2019	\$	92,536	\$	92,536	\$	=	\$ 485,851	19.05%	
2018	\$	77,307	\$	77,307	\$	-	\$ 408,662	18.92%	
2017	\$	102,991	\$	102,991	\$	-	\$ 397,754	25.89%	
2016	\$	62,751	\$	62,751	\$	-	\$ 372,838	16.83%	
2015	\$	55,388	\$	55,388	\$	-	\$ 343,753	16.11%	

<sup>\*</sup> The amounts presented have a measurement date of June 30

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

## Town of Homer Non-Major Governmental Funds – Combining Balance Sheet December 31, 2023

	Re	ecreation	Coi	ntingency	T	ourism	Gov	Total onmajor ernmental Funds
ASSETS								
Cash and cash equivalents	\$	23,190	\$	13,976	\$	2,577	\$	39,743
Receivables, net		13,978		6,024		-		20,002
Total assets	\$	37,168	\$	20,000	\$	2,577	\$	59,745
LIABILITIES AND FUND								
BALANCES								
Liabilities:								
Accounts payable	\$	33,744	\$	-	\$	2,006	\$	35,750
Due to other funds		3,483		-		-		3,483
Total liabilities		37,227				2,006		39,233
Fund balance:								
Restricted fund balances		(59)		20,000		571		20,512
Total fund balance:		(59)		20,000		571		20,512
Total liabilities and fund balance:	\$	37,168	\$	20,000	\$	2,577	\$	59,745

## Town of Homer Non-Major Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended December 31, 2023

Total

	Recreation	Contingency	Tourism	Nonmajor Governmental Funds
REVENUES				
Taxes:				
Sales and use	\$ 142,983	\$ 60,478	\$ -	\$ 203,461
Interest earned	175	66	21	262
Other revenues	2,481	-	-	2,481
Total revenues	145,639	60,544	21	206,204
EXPENDITURES				
Current:				
Culture and recreation	152,495	-	-	152,495
Economic development	-	-	16,727	16,727
Debt service:				
Principal	36,083	-	-	36,083
Interest expense	5,378			5,378
Total expenditures	193,956		16,727	210,683
Excess (deficiency) of revenues				
over (under) expenditures	(48,317)	60,544	(16,706)	(4,479)
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	12,774	-	12,400	25,174
Operating Transfers out		(52,850)		(52,850)
Total other financing sources and uses	12,774	(52,850)	12,400	(27,676)
Net change in fund balances	(35,543)	7,694	(4,306)	(32,155)
Fund balances at beginning of year	35,484	12,306	4,877	52,667
Fund balances at end of year	\$ (59)	\$ 20,000	\$ 571	\$ 20,512

## Town of Homer Schedule of Compensation to Board of Selectmen For the Year Ended December 31, 2023

Verletha Adams	\$ 7,200
Jimmy E. Hand	7,200
Timothy Ivory	6,600
Sammy Kirk	7,200
Alonzo Mitchell	 7,200
Total	\$ 35,400

## Town of Homer Schedule of Compensation, Benefits, Reimbursements and Other Payments to or on Behalf of Agency Head For the Year Ended December 31, 2023

#### Dr. Xanthe Y. Seals, Mayor

Salary	\$ 48,000
Retirement	14,160
Payroll Taxes	696
Reimbursements	567
Supplies	104
Meals	505
Travel	 282
Total	\$ 64,314

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS



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Shreveport, LA 71105

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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, 2023, 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 August 18, 2025.

#### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-005, 2023-006, 2023-007, 2023-008, and 2023-009 that we consider to be material weaknesses.

#### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2023-001, 2023-004, 2023-005, 2023-006 and 2023-009.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Homer's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Homer's responses were 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ungram, L.L.C.

Shreveport, Louisiana August 18, 2025

#### Section I - Summary of Auditor's Results

#### Financial Statements

The Auditor's report expresses a qualified opinion on the financial statements in accordance with GAAP.

#### Internal control over financial reporting:

•	Material weaknesses identified?	<u>      X        yes                      </u>	no
•	Significant deficiency(ies) identified that are not		
	considered to be material weaknesses?	yes	X none reporte
•	Noncompliance material to the financial		
	statements noted?	<u>X</u> yes	no

#### Federal Awards - Not Applicable

Section II – Financial Statement Findings Reported in Accordance with Government Auditing Standards

#### 2023-001 Timely Filing of Audit Report

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** Louisiana Revised Statute 24:513 requires that the Town prepare and submit its annual audited financial statements to the Louisiana Legislative Auditor within six months of the Town's fiscal year end.

**Condition:** The Town was not able to submit its audited financial statements to the Louisiana Legislative Auditor by the required deadline.

**Effect: Noncompliance** with Louisiana Revised Statute 24:513.

**Cause: The** Town's audit for the year ended December 31, 2023, did not start until the reporting deadline had passed.

**Recommendation:** We recommend the Town take necessary steps to ensure that future audits will be completed and submitted to the Louisiana Legislative auditor within the prescribed time period.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

#### 2023-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

Criteria or Specific Requirement: In accordance with *Government Auditing Standards*, entities are required to implement effective internal controls to ensure the proper safeguarding of assets, the accuracy of financial reporting, and compliance with applicable laws and regulations. These controls should be designed to prevent fraud, waste, and abuse, and to ensure efficient operations. Auditors are required to perform procedures sufficient to detect material misstatements, whether due to error or fraud, and ensure that financial statements fairly present the financial position and results of the operations of the entity. Frequent or significant adjustments made by auditors to financial statements may indicate weaknesses in internal controls over financial reporting or a lack of proper oversight in the preparation of the financial statements.

**Condition:** The Town of Homer does not have any identifiable controls related to critical accounting areas resulting in a large number of material adjustments required to be made to the financial statements.

**Effect:** The Town of Homer has an increased potential for fraud, waste, and abuse of public funds, non-compliance with federal, state, or local regulations, inaccurate financial reporting, inefficiency in operations and resource allocation, and potential penalties or reputational damage.

**Cause:** There is a lack of staffing, lack of training, and an absence of a comprehensive internal control framework to properly implement internal controls and an absence of oversight.

**Recommendation:** We recommend the Town properly implement an internal control framework within its resources and establish formal policies and procedures to ensure that all transactions and balances are properly recorded and reconciled in a timely manner.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B

#### 2023-003 Sales Tax Allocations

Entity-Wide or Program/Department Specific: This finding is entity-wide.

**Criteria or Specific Requirement:** All revenues of the individual funds should be in accordance with the ordinances as written and properly supported by Town Council determinations.

**Condition:** Sales tax allocations between each of the funds as direct by sales tax ordinances passed in 1971, 1986, and 2015 do not appear to be in accordance with the sales tax ordinances as they were originally written and passed by the voters. No revisions to the allocation methodology have occurred and/or changes have been proposed to the sales tax ordinances.

**Effect:** Revenues of the individual funds may be materially misstated, which has the potential to affect fund balances.

**Cause:** The Town is using a sales tax allocation spreadsheet developed by prior financial consultants, used by prior administrations, but there is a lack of supporting documentation to reconcile to the sales tax ordinances as passed by the voters.

**Recommendation:** We recommend the Town conduct a study on the sales tax ordinances and develop an allocation method that is in accordance with the ordinances as originally written, then any unassigned amounts may be properly allocated in accordance with Town Council's approval.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B

#### 2023-004 Tax and Fee Remittances

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

Criteria or Specific Requirement: In accordance with Louisiana state law and the Internal Revenue Code, employers are required to withhold and remit state and federal income taxes, including Louisiana withholding taxes, within specified deadlines. The Louisiana Department of Revenue mandates that withholding tax returns and payments be submitted on a timely basis to avoid penalties and interest. Government Auditing Standards require auditors to assess compliance with applicable laws and regulations, including tax reporting and payment requirements, as part of the audit process.

**Condition:** During the audit of the Town of Homer, it was found that the required Louisiana and Federal withholding tax payments for the year were not paid timely. Remittances stopped in August 2023 with remittances not being made until 2024. As of December 31, 2023, \$98,461 in federal withholding and employment taxes were not remitted and \$19,285 in Louisiana withholding taxes were not remitted.

**Effect:** The failure to pay Federal and State withholding taxes timely may result in penalties and interest charges leading to waste of Town's resources, non-compliance with state tax regulations, and enforcement actions from the Internal Revenue Service and Louisiana Department of Revenue.

**Cause:** The failure to pay Federal and State withholding taxes timely appears to have been cause by a lack of internal controls over tax compliance and lack of awareness of the payment deadlines.

**Recommendation:** We recommend the Town implement a tracking system to monitor filing and payment due dates for withholding taxes and tax returns

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

#### 2023-005 Bond Payments

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** In accordance with *Government Auditing Standards*, public entities are required to maintain accountability and reliability in financial reporting and compliance with debt covenants and bond agreements.

**Condition:** During the audit of the Town of Homer, it was identified that scheduled bond payments were not made in a timely manner. As of December 31, 2023, the Town was delinquent with three of the four principal and interest payments of approximately \$450,000.

**Effect:** Late bond payments may result in penalties, damage to the entity's credit rating, inability to issue debt, and/or incur higher borrowing costs in the future.

**Cause:** The delay in bond payments resulted from a lack of internal controls related to budget processes, cash flows, and debt reserves to ensure payments were made timely.

**Recommendation:** We recommend the Town of Homer implement internal controls around debt service management to include a process to ensure all bond payments are made on or before due dates. Management should regularly monitor compliance with debt obligations and maintain proper documentation of all related activities.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

#### 2023-006 Budget Oversight

Entity-Wide or Program/Department Specific: This finding is entity-wide.

**Criteria or Specific Requirement:** In accordance with *Government Auditing Standards*, public entities should use quality information to achieve the entity's objectives, including regular monitoring of financial performance and taking appropriate action when significant variances occur. Public entities should maintain effective internal control over financial operations to ensure accountability and efficient use of public resources.

**Condition:** During the audit of the Town of Homer, it was identified that budget execution was not regularly monitored against actual expenditures. Variance reports were either not produced or not reviewed appropriately. Additionally, there was no documented evidence of corrective actions taken when actual expenditures deviated from the approved budget or amendments approved.

**Effect:** Without effective budget oversight, there is an increased risk of overspending and misallocation of funds.

**Cause:** The lack of oversight appears to stem from the absence of formal internal controls.

**Recommendation:** We recommend the Town of Homer implement formal policies and procedures for monthly budget monitoring and variance analysis.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

2023-007 Payroll documentation

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** In accordance with *Government Auditing Standards*, public entities should maintain sufficient records to demonstrate accountability for the use of public resources, including labor costs. Proper tracking of leave and overtime is essential for compliance with federal and state laws and regulations.

**Condition:** During the audit of the Town of Homer, it was identified that a salaried employee was paid overtime hours and vacation leave usage was not consistently tracked or recorded. Unused vacation time was allowed to be paid out to employees at the end of the year.

**Effect:** Failure to accurately track overtime and vacation leave increases the risk of payroll errors, unauthorized payments, and potential noncompliance with laws and regulations.

**Cause:** These deficiencies are due to a lack of formal procedures for reconciling timekeeping records, including proper supervisory review.

**Questioned Costs: \$17,377** 

**Recommendation:** We recommend the Town of Homer implement policies and procedures to ensure accurate tracking of overtime and vacation leave. Policies and procedures should be updated to require timely supervisor approval.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

#### 2023-008 Bank reconciliations

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** In accordance with *Government Auditing Standards*, public entities should reconcile transactions to ensure accuracy and completeness of financial reporting. Internal controls should be implemented to reasonably assure the safeguarding of assets and reliability of financial reporting.

**Condition:** During the audit of the Town of Homer, it was identified that bank reconciliations were not prepared accurately or in a timely manner. Some bank reconciliations were delayed in 2023 and not completed until 8-11 months after the period ended.

**Effect:** The failure to accurately and timely reconcile bank accounts increases the risk of undetected errors, misstatements or potential fraud.

**Cause:** There was a lack of internal controls over the reconciliation process and supervisory review process.

**Recommendation:** We recommend the Town of Homer establish and enforce formal procedures for preparing and reviewing monthly bank reconciliations. Staff should be adequately trained, and reconciliations should be reviewed and approved by a designated supervisor.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

#### 2023-009 Retirement Contributions

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** According to the Louisiana Municipal Employees' Retirement Plan and the Louisiana Municipal Police Employees' Retirement System, withholdings and employer contributions are due within 10 days and 15 days, respectively, after the close of the month for which the contributions are applicable.

**Condition:** During the audit of the Town of Homer, we identified retirement withholding and matching contributions were not made timely to the plans. At December 31, 2023, \$115,062 remains payable with \$94,052 being considered late.

**Effect:** Late remittances may subject the entity to penalties and interest charges and potentially impact the accrual of service credits or benefits for affected employees. At the time of the audit, no late fees or penalties have been assessed for noncompliance.

**Cause:** There was a lack of internal controls related to cash flows, and budget processes to ensure timely remittance of retirement plan contributions.

**Recommendation:** We recommend the Town of Homer implement formal procedures to ensure retirement contributions are remitted within the required statutory timeframe.

**Views of responsible officials and corrective action plan:** See corrective action plans in Exhibit A and Exhibit B.

Section III – Federal Award Findings and Responses

Not Applicable

**Town of Homer** 

Summary Schedule of Prior Year Audit Findings and Questioned Costs For the Year Ended December 31, 2023

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards* 

2022-001 Timely Filing of Audit Report

Entity-Wide or Program/Department Specific: This finding is entity-wide.

**Condition:** The Town was not able to submit its audited financial statements to the Louisiana Legislative Auditor by the required deadline.

Status: Repeat finding, see 2023-001

2022-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Condition:** The Town of Homer does not have any identifiable controls related to critical accounting areas resulting in a large number of material adjustments required to be made to the financial statements.

Status: Repeat finding, see 2023-002

2022-003 Sales Tax Allocations

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Condition:** Sales tax allocations between each of the funds as direct by sales tax ordinances passed in 1971, 1986, and 2015 do not appear to be in accordance with the sales tax ordinances as they were originally written and passed by the voters. No revisions to the allocation methodology have occurred and/or changes have been proposed to the sales tax ordinances.

Status: Repeat finding, see 2023-003

2022-004 Tax and Fee Remittances

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Condition:** During the audit of the Town of Homer, it was found that the required Louisiana withholding tax payments for the year were not paid timely. The 1st quarter of 2022 was not paid until June 2022. The 2nd and 3rd quarters were not paid until December 2022. The 4th quarter was not paid until April 2023. It was also found that the Town did not submit safe water drinking fees to the state in a timely manner since 2020.

Status: Repeat finding, see 2023-004

**Town of Homer** 

Summary Schedule of Prior Year Audit Findings and Questioned Costs For the Year Ended December 31, 2023

2022-005 Tax Return Filings

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Condition:** The Town of Homer did not file the required W-2 forms for employees and the Form 941 (Employer's Quarterly Federal Tax Return) in a timely manner for the reporting periods under review. The W-2 forms for the year 2021 and 2022 were not submitted to the Social Security Administration (SSA) by the required deadline of January 31st, and the Form 941 filing for the quarter ended Mach 31, 2022 were submitted after the prescribed due dates.

**Status: Resolved** 

2022-006 Coronavirus State and Local Fiscal Recovery Funds

**Entity-Wide or Program/Department Specific:** American Rescue Plan.

**Condition:** During the audit of the Town of Homer, it was found that \$300,000 of Coronavirus State and Local Fiscal Recovery Funds were transferred to the Enterprise Fund for the purpose of making bond payments for the year ended December 31, 2022.

Status: Resolved

Section III – Federal Award Findings and Responses

None

#### Exhibit A - Management's Responses - Mayor Dr. Xanthe Seals



Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

August 11, 2025

Carr, Riggs, & Ingram P.O. Box 4278 Shreveport, LA 71134-0278

RE: Corrective Action Plan - 2023 Audit Findings

To Whom It May Concern:

In response to the 2023 Audit Report, the Town of Homer offers the following corrective action plan:

#### 2023-01 Timely Filing of Audit Report

The Town will take the necessary steps to implement a process to ensure that all future audits are submitted to the LA Legislative Auditor in a timely manner. The 2023 audit has been completed; and the 2024 audit has been engaged with an estimated completion date of 12/31/25. The 2025 audit will be engaged and completed by June 30, 2026.

#### 2023-02 Lack of Internal Control/Account Balances/Adjustments/ Reconciliations

The Town will implement additional procedures to ensure appropriate financial and transactional reporting. The Town has an external CPA that is onsite providing real-time hands on oversight creating policies and procedures to ensure internal controls and that all transactions and balances are properly recorded and reconciled in a timely manner.

#### 2023-03 Sales Tax Allocations

The Town has reviewed all sales tax ordinances and corrected the sales tax distributions where necessary. The Board has approved a reallocation of sales tax that is being distributed between each fund that is in accordance with the sales tax ordinance. The Town is contemplating taking three of the Sales Tax propositions back to the voters to repurpose usage by amendment.

#### 2023-04 Tax and Fee Remittances

The Town has implemented a scheduled liabilities payment schedule in the system that will alert the Town Treasurer when payments are due to be submitted to tax agencies in a timely manner. State Tax withholding past due remittances have been paid and are current and are being submitted timely. Federal withholding taxes are currently being submitted timely. The Fiscal Administrator is currently in negotiations with the IRS to develop a payment plan for the past due remittances.

Alonzo Mitchell - District 1, Joyce Ivory -District 2, Jimmy Hand–District 3, Verletha Adams -District 4, Sammy Kirk -District 5

"This Institution is an Equal Opportunity Employer and Provider"



Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

#### 2023-05 Bond Payments

The Town has renegotiated the LDH, DEQ, and Capital One Bonds placing them on a monthly payment schedule. All monthly bond payments are currently being transferred into the appropriate sinking funds to ensure all funds are transferred monthly prior to the bond due date to ensure timely payment. Due to renegotiations all bond payments are current.

#### 2023-06 Budget Oversight

The Mayor will review the Budget to Actual on a monthly basis. This will ensure the early detection of abnormalities in the budget to actual.

#### 2023-007 Payroll Documentation

The Town is developing a Payroll Policy and Procedure Manual outlining the policies and procedures related to employee compensation that ensures consistent payroll processing to address shortfalls. Currently, all timesheets are signed by the employee, approved by the Department Head and the final approval by the Mayor, or designee then submitted to the Town Treasurer for processing. All non-elected employees' salaries are calculated on an hourly wage. Historically, employees can request payment of unused vacation time; the current policy states that vacation leave will be paid upon termination of employment and there will be no annual rollover of vacation time; however the current policy does not address the payment of unused vacation time by current employees.

#### 2023-08 Bank Reconciliations

The Town bank reconciliations are currently reconciled by the external accountant and reviewed and approved by the Fiscal Administrator. The Fiscal Administrator will transition approval to the Mayor in the future.

#### 2023-09 Retirement Contributions

The Town retirement contributions with Municipal Employees Retirement System of LA (MERSLA) and the Municipal Police Employees Retirement System of LA (MPERS) are filed and are current. There are now alerts in the system that will help ensure that reports are filed timely. The final review of the reports and payment remittances will be signed off by the Mayor.

Respectfully Submitted,

Dr. Xanthe Y. Seals, Mayor

Town of Homer

Alonzo Mitchell - District 1, Joyce Ivory -District 2, Jimmy Hand-District 3, Verletha Adams -District 4, Sammy Kirk -District 5

"This Institution is an Equal Opportunity Employer and Provider"

Shenovia Harris Interim Town Clerk



Dr. Xanthe Y. Seals, Mayor

August 11, 2025

Carr, Riggs, & Ingram Certified Public Accountants

#### **Response to Audit Report Findings**

Herein are the fiscal administrator's responses to the 2023 fiscal year audit findings. On July 31, 2024. The 2<sup>nd</sup> Judicial District Court appointed me as the fiscal administrator for the Town of Homer in accordance with Louisiana Revised Statute 39:1351 – 1356. My responses to the findings presented in your audit report are based on my current knowledge and understanding of what occurred in 2023 and what I have discovered since beginning my work as fiscal administrator on August 7, 2024. The draft report was submitted to Mayor Xanthe Seals, Treasurer Shenovia Harris, and me on July 30, 2025. Mayor Seals is also preparing her response to the findings.

#### Findings:

#### 2023-001 Timely Filing of Audit Report

The town has been delinquent each year with audits since the 2018 audit. The 2024 audit should be completed by December 31, 2025, and we will engage an auditor for the 2025 audit to have the audit report complete by June 30, 2026 .

As fiscal administrator, I will eventually leave the Town of Homer, and it will be up to the Town administration to ensure that auditors are engaged in a timely manner and that all information is provided when needed to complete the audits within six months of the fiscal year end as required by law. I am also recommending that the Board of Selectmen follow and make inquiries about this process to make sure that the Mayor and Treasurer are performing these duties as required.

2023-002 Lack of Internal Controls /Account Balances/Adjustments/Reconciliations
Since my role as fiscal administrator began, we have been and will continue to establish an internal control framework that will be documented for the town to follow in future years. Bank reconciliations have been brought up to date, and with the help of an external accountant, will continue to be reconciled each month. The external accountant is also reviewing financial information each month to ensure the proper recordation of transactions and produce financial statements with a budgetary comparison that are presented to the Mayor and Board of Selectmen each month. We have and will continue to develop formal policies and procedures to ensure that all transactions and balances are properly recorded and reconciled in a timely manner. The Mayor must be involved in future years by reviewing bank reconciliations and discussing financial statements and budget with the external accountant.

Again, I will eventually finish my work in Homer and the Mayor will be responsible for continuing the implementation of procedures developed. I am recommending that the Board of Selectmen maintain involvement by reviewing financial reports each month and asking questions particularly as these questions pertain to budget to actual comparisons.

#### 2023-003 Sales Tax Allocations

As noted in your finding, for several years, the town used a sales tax allocation spreadsheet that was developed by prior financial consultants. After locating all sales tax propositions and ordinances, in

Page 1 of 3

February 2025, I submitted and the Board of Selectmen adopted a new allocation of sales tax revenue that follows the language in the propositions. This allocation was amended in April 2025 to properly reflect the allocation of garbage tax revenue. Each year during the budget preparation and approval process, the Board of Selectmen must approve the allocation of sales tax revenue for the next fiscal year.

#### 2023-004 Tax and Fee Remittances

As noted, the town did not remit payroll withholdings for federal or state taxes in a timely manner. This problem continued in 2024. It is apparent that no one was monitoring the tax payments, and the town treasurer was the person responsible for filing the appropriate forms and making the required payments.

We have spent a significant amount of time reviewing the town's payroll and are developing clear procedures to document what must be done each month and each quarter. Again, no one was reviewing the tax filings and tax payments during the 2023 audit year and there are several quarters of 2023 and 2024 when tax forms were not filed, and payroll taxes were not paid. In 2025, all past due and current state withholding taxes have been paid. In January 2025, I met with an Internal Revenue Service agent and submitted a request for the abatement of penalties and the establishment of a payment plan for past due obligations. The IRS has responded by abating certain penalties and not abating others. The IRS has also not agreed to a payment plan. We will begin making payments for past due obligations within the next 30 days and will ask our new town attorney to prepare another request for penalty abatement and a payment plan.

In the future it will be the responsibility of the mayor and town treasurer to prepare and submit forms and pay all amounts owed in a timely manner. Because this has been a recurring issue, I am also recommending that the Board of Selectmen be notified that tax forms have been filed, and appropriate payments have been made.

#### 2023-005 Bond Payments

The audit report correctly indicates that scheduled bond payments were not made in a timely manner and as of December 31, 2023, approximately \$450,000 of principal and interest payments were delinquent. After working with bond counsel for three of the town's bond issues, the bond payments have been restructured to move the unpaid balances into future years. A final agreement was approved on June 9, 2025.

Monthly payments are now made on or before the 20th day of each month to Argent Trust in accordance with a Deposit Trust Agreement. The agreement also requires the town to fully fund the required reserve accounts by making monthly deposits with Argent Trust over five years. Bond principal, interest, and administrative fee payments will be less in each year after 2025 because the 2025 payments are providing for past due interest payments to be paid in 2025.

The treasurer and mayor will be responsible for submitting each of the monthly payments and I am recommending that the monthly financial report to the Board of Selectmen include a confirmation that payments were made.

#### 2022-006 Budget Oversight

As indicated in the audit finding, there was not sufficient oversight over budgeted revenue or expenses during 2023 and this continued into 2024. Financial reports that were submitted were inaccurate and unreliable. Budget variances that were reported could not be relied upon to determine budgetary compliance.

Each month, our contract accountant now reconciles bank statements and prepares financial statements with budget to actual comparisons. These financial statements are provided to the

Page 2 of 3

#### Exhibit A - Management's Responses - David Greer, Fiscal Administrator

mayor, treasurer, and board members and discussed at board meetings. We have documented the procedures to be followed in preparing these monthly financial statements and have discussed with the Board of Selectmen the need to monitor the variances between budget and actual results. In future years, the mayor and town treasurer will be responsible for monitoring the budget and reporting any variances to the Board of Selectmen.

#### 2023-007 Payroll Documentation

The audit finding provides that a salaried employee was paid overtime and vacation leave usage was not consistently tracked or recorded. The finding also provides that unused vacation time was allowed to be paid out to employees at the end of the year.

The employee in question who received overtime pay is the town treasurer and she stated that any time worked over 40 hours a week was calculated as overtime. She apparently believed this was appropriate. This issue will be reviewed further.

Unused vacation pay was paid to employees for several years even though town policy does not allow for the unused vacation time to be paid. I did not allow the payment of the unused leave in 2024, and the town should not pay employees for the unused leave in the future. Leave used and taken is still tracked manually; however, we are monitoring this information and have developed procedures for tracking leave earned and taken. In future years, the mayor will be responsible for monitoring leave records.

#### 2023-008 Bank Reconciliations

Bank reconciliations are now being prepared and reviewed each month before monthly financial statements are produced. The procedures for this process have been documented and, after my appointment as fiscal administrator ends, the mayor will have responsibility to review and approve bank reconciliations.

#### 2023-009 Retirement Contributions

Retirement contributions that were late being paid as of December 31, 2023, have been paid and the town is current in making retirement contribution payments. The payroll system has been set up to calculate the funds needed from other operating funds into payroll for retirement payments for the Louisiana Municipal Employees' Retirement System and the Louisiana Municipal Police Employees' Retirement System. Funds are still transferred through an on-line banking application, and the treasurer makes transfers based on the calculations in the payroll account. Monthly, the treasurer makes payments to each of the retirement systems from the payroll account.

The transactions are reviewed periodically to ensure that retirement payments agree with the payroll calculations and that the payments are made. In future years, it will be the responsibility of the mayor to review these transactions to ensure the payments are properly made. Formal procedures are being developed for all payroll-related transactions.

#### **Agreed Upon Procedures Report Findings**

We acknowledge the results of your agreed upon procedures examination and we will work on the reported items to have all corrected prior to December 31, 2025.

David K. Greer

Court-Appointed Fiscal Administrator





Carr, Riggs & Ingram, L.L.C. 1000 East Preston Avenue Suite 200 Shreveport, LA 71105

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# INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Selectmen of Town of Homer and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Town of Homer's management is responsible for those C/C areas identified in the SAUPs.

Town of Homer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

# **Written Policies and Procedures**

- Obtained and inspected the entity's written policies and procedures and observed whether they
  addressed each of the following categories and subcategories if applicable to public funds and
  the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
    - Results: No exceptions were identified as a result of applying the procedure.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The policy does not include how vendors are added to the vendor list.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Results: No written policies exist for payroll/personnel.

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

Results: The policy does not include types of services requiring written contracts and standard terms and conditions.

g) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Results: No written policies exist for ethics.

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

Results: No written policies exist for debt service.

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

Results: No written policies exist for Information Technology Disaster Recovery/Business Continuity.

I) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The policy does not include agency responsibilities and prohibitions, annual employee training, and annual reporting.

## **Board or Finance Committee**

- 2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were identified as a result of applying the procedure.

b) For those entities reporting on the governmental accounting model, observed whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budgetto-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the nonprofit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Results: Minutes did not reference or include budget to actual comparison on General Fund for 10 months of the 12 months.

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

Results: No exceptions were identified as a result of applying the procedure.

d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: The 2022 audit report was not issued timely for this procedure to be properly performed.

#### **Bank Reconciliations**

- 3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing was complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: Exceptions were identified where three bank reconciliations were not prepared within 2 months.

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

Results: Exceptions were identified where all five reconciliations did not have evidence of review.

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

Results: One exception was identified where management did not have evidence of research for reconciling items older than 12 months.

## Collections (excluding electronic funds transfers)

4. Obtained 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 was complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

Results: Obtained a listing of deposit sites for the fiscal period and management's representation that the listing was complete.

- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing was complete. Randomly selected one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.

- 7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternatively, 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. Obtained supporting documentation for each of the 10 deposits and:
  - a) Observed that receipts are sequentially pre-numbered.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

d) Observed the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: Two exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

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

Results: Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing was complete.

- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Results: No exceptions were identified as a result of applying the procedure.

e) Only employees/officials authorized to sign checks approve the electronic deposit (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions were identified as a result of applying the procedure.

- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population was complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:
  - a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

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

Results: Two exceptions were identified where the same person that initiated the purchase also approved the purchase.

c) Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were identified as a result of applying the procedure.

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

11. 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. Obtained management's representation that the listing was complete.

Results: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing was complete.

- 12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:
  - a) Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: One of the two credit card statements did not have evidence of statement review and approval.

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

## Results: Both statements selected had late fees and finance charges.

c) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observed it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were identified as a result of applying the procedure.

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

- 13. 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 was complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were identified as a result of applying the procedure.

b) If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

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

#### **Contracts**

- 14. Obtained 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. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtained management's representation that the listing was complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were identified as a result of applying the procedure.

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

Results: No exceptions were identified as a result of applying the procedure.

c) If the contract was amended (e.g., change order), observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: No exceptions were identified as a result of applying the procedure.

d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were identified as a result of applying the procedure.

## **Payroll and Personnel**

15. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing was complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Results: One exception was identified where support was not provided for an employee.

16. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #15 above, obtained attendance records and leave documentation for the pay period, and:

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

Results: One exception was identified where support was not provided for an employee.

b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.

Results: One exception was identified where support was not provided for an employee.

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

Results: One exception was identified where support was not provided for an employee.

d) Observed the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

Results: One exception was identified where support was not provided for an employee.

17. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list was complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

Results: No exceptions were identified as a result of applying the procedure.

18. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Exceptions were identified where payroll taxes and retirement contributions were not timely remitted by required deadlines.

## **Ethics**

- 19. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above obtained ethics documentation from management, and:
  - a) Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Results: Three of the five employees selected did not complete training.

b) Observed whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions were identified as a result of applying the procedure.

#### **Debt Service**

20. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing was complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.

Results: No exceptions were identified as no bonds/notes and other debt instruments were issued during the fiscal period.

21. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing was complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Exceptions were identified where reserve requirements by debt covenants were not met. It was also identified that the payment was late.

## Fraud Notice

22. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing was complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Management represented no misappropriations of public funds or assets were identified during the fiscal period represented by management.

23. Observed 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.

## Information Technology Disaster Recovery/Business Continuity

- 24. Performed the following procedures, verbally discussed the results with management, and reported "We performed the procedure and discussed the results with management."
  - a) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.

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

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

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

c) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing was complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers had current and active antivirus software and that the operating system and accounting system software in use was currently supported by the vendor.

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

25. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #17. Observed evidence that the selected terminated employees have been removed or disabled from the network.

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

### Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: Three of the five employees selected did not complete the training.

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

Results: An exception was identified where the sexual harassment policy was not posted on the Town of Homer's website.

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

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

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

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

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

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

Results: The annual sexual harassment report was not prepared by the February 1 deadline.

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

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

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

CARR, RIGGS, & INGRAM, L.L.C.

Carr, Riggs & Ungram, L.L.C.

Shreveport, Louisiana August 18, 2025

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