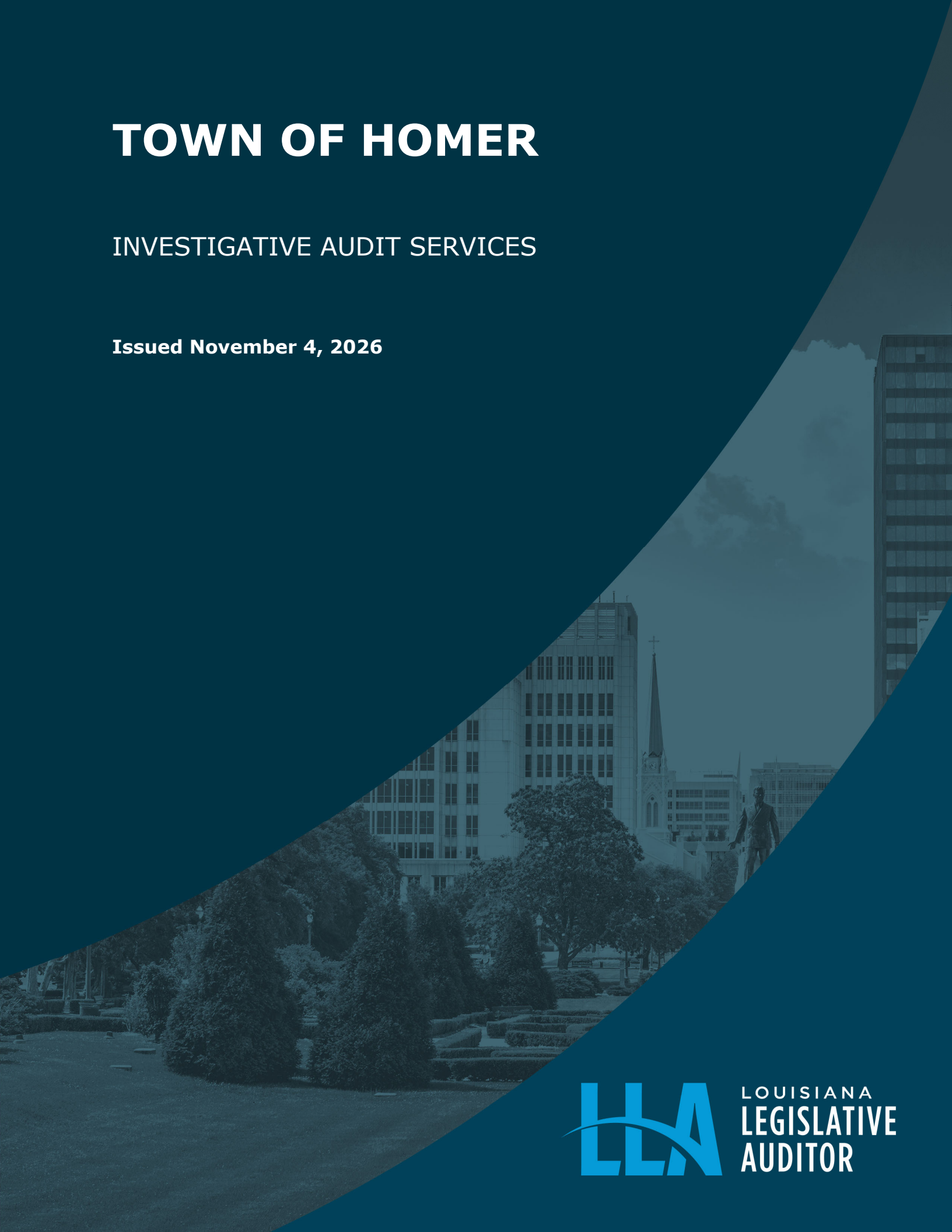
TOWN OF HOMER

INVESTIGATIVE AUDIT SERVICES

Issued November 4, 2026



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LOUISIANA LEGISLATIVE AUDITOR

MICHAEL J. "MIKE" WAGUESPACK, CPA
LOUISIANA LEGISLATIVE AUDITOR

November 4, 2026

HONORABLE XANTHE SEALS, MAYOR,
AND TOWN COUNCIL
Town of Homer, Louisiana

We are providing this report for your information and use. This investigative audit was performed in accordance with Louisiana Revised Statutes 24:513, *et seq.* to determine the validity of complaints we received. The procedures we performed primarily consisted of making inquiries and examining selected financial records and other documents.

The accompanying report presents our findings and recommendations, as well as management's response. This is a public report. Copies of this report were delivered to the District Attorney for the 2nd Judicial District of Louisiana and others as required by law.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

TOWNOFHOMER

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EXECUTIVE SUMMARY

Missing Utility Funds

Town of Homer (Town) records show $16,769 in cash collected for utilities from March 2024 to August 2024 were not deposited into the Town's bank account. Town Treasurer Shenovia Harris received each day's cash and check collections from the cashier and prepared the bank deposit. We found 19 instances in which the amount deposited was less than the amount collected in cash for utilities. Since Ms. Harris received cash that was not deposited, she may have violated state law.

Improper Credit to Customer Utility Accounts

Town records show that the personal and business utility accounts of Ms. Harris' landlord received 11 credits, totaling $4,475, from July 2022 to March 2024. However, the Town's records show no corresponding payments from her landlord or Ms. Harris. By crediting her landlord's personal and business accounts without payment to the Town, Ms. Harris may have violated state law.

Customer Utility Account Deposits Used for Payroll

Town records show transfers from the customer utility account deposits to the payroll account that were used for employee payroll in December 2021 and June 2022 totaling $81,869. Mayor Xanthe Seals told us she did not remember a specific conversation about using the utility deposit funds, but did remember saying the transfer of utility customer deposits could be done. Since the utility deposits are not the property of the Town, and Mayor Seals directed the use of utility deposits for employee payroll, she may have violated state law.

Improper Water and Sewer Rate Increase

Mayor Seals increased water and sewer rates without holding a public hearing and obtaining approval from the Town Council. The Town invoiced an additional $100,935 due to the rate increase from May 2024 until its revocation in August 2024. By increasing the rates without first holding a public hearing and obtaining approval of the Town Council, Mayor Seals may have violated Town ordinance, state law, and state regulations.

Improper Raises and Overtime for the Town Treasurer

The Town Treasurer received $88,056 in salary and overtime payments above her council-approved salary from January 17, 2019 to November 26, 2024. Mayor Seals told us she approved one salary increase and her timesheets. By approving these payments, Mayor Seals may have violated the Town's charter and state law.

No Budget for American Rescue Plan Act Funds and Improper Incentives to Town Officials

Mayor Seals directed and authorized the expenditure of $1,049,639 of American Rescue Plan Act funds without a Council-approved budget. The expenditures included $18,000 of unbudgeted and unauthorized salary incentives to elected officials and Town employees. By authorizing these expenditures without a Council-approved budget and salary incentives without the required approval, Mayor Seals may have violated state law and the state constitution.

Payroll Taxes not Paid

The Town did not remit $253,086 in federal and state payroll taxes for 2023 and 2024. This resulted in the Town incurring $96,806 in interest and penalties. By not making the required tax payments, Mayor Seals may have violated state and federal laws.

BACKGROUND AND METHODOLOGY

The Town of Homer (Town) is located in Claiborne Parish, Louisiana, and had a population of 2,747, as of the 2020 Census. The Town was incorporated on March 13, 1850, by Act No. 111 of the Louisiana Legislature.[1] Under Louisiana Revised Statute 33:481, the Lawrason Act governs matters on which the Town's legislative charter is silent. If the charter conflicts with the Lawrason Act, the charter governs.

The Town operates under a Mayor-Selectmen form of government. Mayor Xanthe Seals' term as the Mayor began in January 2019. The Town provides public safety, streets, recreation, parks, utilities, and general administrative services. A 2nd Judicial District judge appointed a fiscal administrator in July 2024, due to the Town's financial difficulties.

We initiated an investigative audit of the Town of Homer in response to a report from the Town's fiscal administrator. The procedures performed during this audit included:

1. interviewing Town employees and others, as appropriate;
2. examining selected Town documents and records;
3. gathering and examining third parties' documents and records; and
4. reviewing applicable state and federal laws and regulations.

[1] Act No. 111 of 1850 was amended and reenacted by Act No. 36 of 1876. The Town's charter was amended subsequently.

FINDINGS AND RECOMMENDATIONS

Missing Utility Funds

Town records show $16,769 in cash collected for utilities from March 2024 to August 2024 were not deposited into the Town's bank account. Town Treasurer Shenovia Harris received each day's cash and check collections from the cashier and prepared the bank deposit. We found 19 instances in which the amount deposited was less than the amount collected in cash for utilities. Since Ms. Harris received cash that was not deposited, she may have violated state law.[1,2,3]

The Town has two cashiers who collect cash, checks, and money orders from utility customers who pay in-person at town hall. The Town also accepts payments by mail and credit card payments online. The cashiers post payments received at town hall to customer accounts at the time of receipt and place the payments in the cash drawer. A customer receipt is printed and marked paid when the cashier receives payment.

The utility billing system (UBS) is closed out at the end of each day and generates a report showing the collections for the day. The cashier also completes a Daily Drawer Reconciliation form, which lists the amount of cash, checks, and money orders in the cash drawer and compares it to the cash, checks and money orders posted to customer accounts in the UBS Payment transactions report for the day. The report from UBS; the Daily Drawer Reconciliation form; and the checks, cash, and money orders are submitted to the Town Treasurer, Ms. Shenovia Harris. Ms. Harris has been the Town Treasurer since 1998. Her duties include preparing deposits and inputting transactions into the Town's accounting software.

Ms. Harris told us she used the Daily Drawer Reconciliation form to enter the deposit information into the Town's accounting software with her user ID. She also said that no one else used her user ID. After she entered the deposit information into the accounting software, the software prepares the deposit ticket for the bank. Either Ms. Harris or another Town employee brought the deposit to the bank.

Each week, online utility payments are electronically deposited into the Town's bank account by the third party who operates the Town's payment website. The third party then sends a report of online utility payments to the Town to update its customers' account records.

Missing Cash

We compared UBS collection reports to bank deposits and noted 19 instances from March 2024 to August 2024 in which the total cash deposited was $16,769 less than the total cash collected. In all 19 instances, the cash collections recorded in UBS exceeded the cash amounts shown in the corresponding bank deposit

records. In addition, the Town's records did not include a Daily Drawer Reconciliation form for any of the 19 instances in which cash was collected but not deposited.

Ms. Harris told us she was ill in 2023 and 2024 but worked through her illness and prepared all the deposits because she was the only one who could. She said she did not take the missing cash. Ms. Harris stated that she understood how it looked, that no other Town employees would take the funds, and that it would fall on her because she handled everything.

Ms. Harris's online financial account records show 12 cash deposits totaling $3,860 from May 2024 to August 2024. For example, two of the 12 cash deposits, totaling $1,000, were made to Ms. Harris' online financial account on May 22, 2024. Town records show $1,146.15 in cash was collected on the same day but not deposited into the Town's bank account.

In addition, Ms. Harris' online financial account records show three cash deposits, totaling $1,080, between July 30, 2024 and August 2, 2024. The Town's records show $1,358.41 in cash was collected on July 30, 2024, but was not deposited into the Town's bank accounts.

Given the missing cash, Ms. Harris' responsibility for preparing deposits and entering transactions into the Towns accounting system, and the deposits of similar amounts of cash into her personal financial account, she may have violated state law.[1,2,3]

Improper Credit to Customer Utility Accounts

Town records show that the personal and business utility accounts of Ms. Harris' landlord received 11 credits, totaling $4,475, from July 2022 to March 2024. However, the Town's records show no corresponding payments from her landlord or Ms. Harris. By crediting her landlord's personal and business accounts without payment to the Town, Ms. Harris may have violated state law.[1,2,3,4]

The Town's utility customers can pay their monthly bill on a third-party website, by mail, or in person at town hall. Each week, online utility payments are electronically deposited into the Town's utility bank account by the third party who operates the Town's payment website. The third party then sends a report of online utility payments to the Town to update its customers' account records in UBS. The report of online utility payments, the deposits from the third party, and the corresponding payments posted to customer accounts in UBS should match.

We matched the third-party report of online utility payment records to the bank deposits with no exceptions. We also compared the third-party report of online utility payments customer payment detail from the Town's third-party website collections to the payments posted to UBS customer records and found the

amount shown in the report of online utility payment detail and the bank deposit was $4,475 less than the amount posted to UBS.

We found no corresponding payments for 11 transactions, totaling $4,475, that credited (reduced) a utility customer's personal and business account balances in UBS from July 2022 to March 2024. This means customer account reductions were $4,475 more than what was collected or deposited.

The utility customer whose personal and business utility accounts were credited told us Ms. Harris rented a home from him and, on occasion, he asked Ms. Harris to credit his utility account for her $500 rent instead of paying him. The Town's records did not show deposits from Ms. Harris other than those for her own utility bills, nor did they show deposits in amounts matching the credits to her landlord's accounts.

Ms. Harris said she made the entries to credit her landlord's personal and business utility accounts as paid. When we asked if she used her personal funds to make the payments on her landlord's behalf, she told us she did not understand the question, but would not post a credit without a payment.

It appears Ms. Harris personally benefitted from crediting her landlord's personal and business utility accounts without the Town receiving payment, which may violate state law.[1,2,3,4]

Customer Utility Account Deposits Used for Payroll

Town records show transfers from the customer utility account deposits to the payroll account that were used for employee payroll in December 2021 and June 2022 totaling $81,869. The Mayor told us she did not remember a specific conversation about using the utility deposit funds, but did remember saying the transfer of utility customer deposits could be done. Since the utility deposits are not the property of the Town and Mayor Seals directed the use of utility deposits for employee payroll, she may have violated state law.[2,3]

The Town's Policy and Procedure manual requires a $100 deposit (owner) or $50 deposit (renter) from each new utility customer. These funds are held by the Town to cover unpaid balances when a customer cancels service or is refunded to a customer if service is terminated with a zero balance. The Town keeps the customer deposits in a separate bank account since the deposits are not property of the Town and should be used only to cover an unpaid utility service balance at termination of service or returned to the customer.

There were five transfers from the utility customer deposit bank account to the Town's police, street, and enterprise (utility) bank accounts that totaled $81,869. The funds from all five transfers were subsequently transferred to the

Town's payroll account and used for payroll on December 15, 2021, and June 15, 2022, as follows:

Utility Customer Account Deposit Transfers			
Transfer Date	**Transfer Amount**	**Transfer Origination Account**	**Transfer Destination Account**
12/16/2021	$10,581.92	Customer Utility Account Deposits	Enterprise Fund
12/16/2021	$12,801.67	Customer Utility Account Deposits	Street Fund
12/16/2021	$25,281.62	Customer Utility Account Deposits	Police Fund
12/16/2021	$10,581.92	Enterprise Fund	Payroll Account
12/16/2021	$12,801.67	Street Fund	Payroll Account
12/16/2021	$25,281.62	Police Fund	Payroll Account
6/22/2022	$22,152.13	Customer Utility Account Deposits	Police Fund
6/22/2022	$11,052.24	Customer Utility Account Deposits	Street Fund
6/22/2022	$22,152.13	Police Fund	Payroll Account
6/22/2022	$11,052.24	Street Fund	Payroll Account

The Town did not record a liability at the time of the transfers to establish a record of the debt. Even if the Town had recorded a liability, the transfers were not permissible since the Town is a fiduciary holder of the funds, not the owner of the funds.

Mayor Seals stated that she did not know that the utility account deposits could not be moved under any circumstance. The Town's policy manual states that "management is strictly prohibited from spending the meter deposit monies." She told us there should only be $15,000 in the deposit account and that the $100,000 in the account that was not returned to customers was more than the Town would ever need.[B]

Ms. Harris told us that she and Mayor Seals discussed transferring money from the utility customer deposit account to cover payroll. Ms. Harris stated that she would not have made the transfer without Mayor Seals' approval. Mayor Seals

[B] The Town had 1,407 utility customer accounts as of December 31, 2024. A $100 deposit is required for each utility account. Therefore, the deposit account balance should be $140,700 ($1,407 X $100).

said she could not recall the specific conversation regarding the transfers of utility customer deposits but did remember saying the transfer could be done. She said she did not realize it was improper to use the funds in the utility deposit account.

Since Mayor Seals approved the transfer of $81,869 of utility customer deposits that do not belong to the Town to cover payroll expenses, Mayor Seals may have violated state law.[2,3]

Improper Water and Sewer Rate Increase

Mayor Seals increased water and sewer rates without holding a public hearing and obtaining approval from the Town Council. The Town invoiced an additional $100,935 due to the rate increase from May 2024 until its revocation in August 2024. By increasing the rates without first holding a public hearing and obtaining approval of the Town Council, Mayor Seals may have violated Town ordinance,[5] state law,[3,6,7,8] and state regulations.[9]

State law[6] allows municipalities to create and operate water and sewer systems. State law[7] also allows the Town to set, collect, and modify rates for water and sewer services provided through a resolution or ordinance approved by the council. In addition, a Town ordinance[5] states that rates for water and related services furnished by the Town shall be set from time to time by the mayor and selectmen.

Town records show that the Town increased water rates by $2 per 1,000 gallons and sewer by $1 per 1,000 gallons in May 2024. The Town invoiced an additional $100,935 from May 1, 2024 to August 28, 2024, due to the rate increases. However, the Council minutes do not show a public hearing was held or that the required Council approval was obtained before the rate increases took effect.

Mayor Seals stated that she implemented rate increases because the Town did not have enough money to make the bond payments.[C] She said that she did not seek Council approval for the 2024 rate increase. She explained that the previous administration implemented an annual inflationary increase. However, the Town's minutes and ordinances do not document discussion or approval of an inflationary rate increase.

Mayor Seals said the Town should obtain a rate study from the Rural Water Association every five years. However, she did not request a study until January 2024, the sixth year after the last one was performed.[D] She said the rate study would take 10 months to complete. State regulations[9] require community water systems to obtain a rate assessment or study every five years. A rate study can

[C] Bonds are instruments used by municipalities to borrow funds to pay for infrastructure projects such as water, sewer, and roads.
[D] The last rate study was performed during the prior administration's term.

determine whether the Town's rates are too low and, if so, the amount of an appropriate rate increase.

Mayor Seals told us she spoke with the Town attorney regarding the rate increases, but the conversation may have occurred after the rate increases took effect. The Town attorney at the time said she advised Mayor Seals that the rate increases required Council approval, but she believed the increases had already taken effect when she provided that advice.

The improper rate increases authorized by Mayor Seals resulted in an additional $100,935 of invoiced utility charges from May 1, 2024 to August 28, 2024. By implementing the rate increases without first obtaining Council approval at a properly noticed public meeting with an opportunity for public comment, Mayor Seals may have violated a Town ordinance,[5] state law.,[3,6,7,8] and state regulations.[9]

Improper Raises and Overtime for the Town Treasurer

The Town Treasurer received $88,056 in salary and overtime payments above her council-approved salary from January 17, 2019 to November 26, 2024. Mayor Seals told us she approved one salary increase and her timesheets. By approving these payments, Mayor Seals may have violated the Town's charter[10] and state law.[2,3]

Part I, Section 7 of the Town's charter requires the mayor and selectmen to fix the compensation of the Town's clerk and treasurer. The Town minutes for the first regular meeting in 2019 following the election of Mayor Seals show the Council appointed several people to Town offices and set their salaries. However, the minutes do not mention the treasurer or show that the Council set the salary for that position.

The minutes for the first regular meeting in 2023 following Mayor Seals' re-election do not show the Council appointed anyone to a Town position or modified existing employees' salaries. The remaining Council minutes did not address the treasurer's salary or salary increases. In addition, the Town's annual budgets included an aggregate amount for salaries, but did not specify how much was budgeted for any particular position.

Ms. Harris' duties included processing the Town's payroll. Department heads are responsible for approving employee timesheets, leave, and overtime. Ms. Harris receives the approved timesheets and information on approved leave and overtime. She enters the hours worked, including overtime, and leave used into the Town's accounting system to process payroll. The Town pays its employees by direct deposit into bank accounts designated by the employees.

According to Town payroll records, Ms. Harris received salary increases in 2019, 2021, and 2023 that resulted in additional payroll of $58,358.[E] We reviewed Ms. Harris' employee records but did not find documentation authorizing the increases. Mayor Seals stated she was Ms. Harris' supervisor and approved one salary increase for her.

Town payroll records show that Ms. Harris also received $29,698 in overtime pay from June 20, 2019 to November 26, 2024. Ms. Harris stated that she worked when needed and did not keep a timesheet to record her hours. Mayor Seals stated that department heads approve overtime as needed and that, as Ms. Harris' supervisor, she was responsible for approving her overtime.

The Town treasurer's salary must be set by ordinance. By authorizing salary increases and overtime hours without Council approval, Mayor Seals may have violated the Town's charter[10] and state law.[2,3]

No Budget for American Rescue Plan Act Funds and Improper Incentives to Town Officials

Mayor Seals directed and authorized the expenditure of $1,049,639 of American Rescue Plan Act (ARPA) funds without a Council-approved budget. The expenditures included $18,000 of unbudgeted and unauthorized salary incentives to elected officials and Town employees. By authorizing these expenditures without a Council-approved budget and salary incentives without the required approval, Mayor Seals may have violated state law[3,11] and the state constitution.[12]

Among other things, ARPA established the Coronavirus State and Local Fiscal Recovery Funds program to provide funds to state, local, and tribal governments to support their response to, and recovery from, the COVID-19 public health emergency. The U.S. Department of Treasury allocated more than $315 million for distribution to non-entitlement units (NEUs) of local governments within Louisiana. The Louisiana Department of Treasury received and distributed ARPA funds to NEUs based on the most recent census bureau population data.

The Town received $524,704 in October 2021 and $524,935 in October 2022 (total of $1,049,639) from the Louisiana Department of Treasury. The funds were deposited into the Town's American Rescue Plan bank account.

No Budget for ARPA Funds

State law[11] requires each political subdivision, including villages, towns, and cities, to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. The adopted

[E] We calculated this amount by determining the salary Ms. Harris was paid when Mayor Seals took office in 2019. Any amount that exceeded the initial salary was included in the $58,358 of pay resulting from salary increases.

budget, together with any duly-authorized amendments, constitute the authority of the chief executive or administrative officers to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year.

Mayor Seals stated she did not prepare a budget for the APRA funds. She said the Town used the funds to pay for the Town's expenses, such as police department salaries and a fuel tank for the airport. Council minutes show Mayor Seals informed the Council when the Town received ARPA funds, but there was no discussion of their use.

ARPA Funds Used to Make Bond Payments

The U.S. Department of the Treasury's Final Rule included restrictions on the use of ARPA funds. For example, the Final Rule prohibited all recipients from using the funds for debt service or replenishing financial reserves. However, the Town's records show that $300,000 in ARPA funds were transferred to the Town's enterprise fund and used to make payments on outstanding bonds.

Prohibited Bonus Pay

The Louisiana Constitution generally prohibits bonuses or reward payments to public employees for performing their normal job-related duties. Louisiana Attorney General's (AG) *Opinion 15-0130* provides, in part, "…payment of a bonus as a reward for an employee's performance of his or her normal duties would be prohibited by La. Const. art. VII § 14…." In addition, AG *Opinion 09-0260* states, in part, "…Paying an employee extra compensation in addition to what is owed to her for work that has been done in the past when the employer is under no legal obligation to do so is payment of a bonus. This office has consistently opined that the payment of a bonus, or any other gratuitous, unearned payment to public employees is prohibited…."

Treasury's rules allow ARPA funds to be used for "premium pay" for up to $13 per hour for eligible workers performing essential work during the COVID-19 pandemic, subject to eligibility requirements and a $25,000 limit per worker, and the pay responds to negative economic impact of COVID-19. AG *Opinion 21-0107* provides that, "…providing premium pay to eligible workers who performed essential work during the COVID-19 public health emergency is one of the permitted uses under ARPA if it complies with the requirements set forth in ARPA and the Interim Final Rule…" In addition, AG *Opinion 21-0101* provides that, "…elected officials such as the mayor or board members would not be considered essential workers/front-line employees and therefore not eligible for retroactive premium pay…."

The Town's records show incentive payments totaling $18,000 on October 18, 2021, to elected officials and employees whose salaries must be set by the Council, as required by the Town's charter. The Town's fiscal administrator sent a letter on March 20, 2025, requesting that elected officials repay the premium pay. The following table shows the status of repayments received by the Town:

October 18, 2021 ARPA Incentive Payments			
Name	**Position**	**Amount of Incentive Pay**	**Amount of Repayment**
Verletha Adams	Council Member	$2,000	$850
Linda Hardaway	Council Member	$2,000	$0
Shenovia Harris	Town Treasurer	$2,000	N/A[F]
Patricia Jenkins	Council Member	$2,000	$767
Keldron Johnston	Council Member	$2,000	$500
Elvan McDaniel	Town Marshall	$2,000	N/A[F]
Xanthe Seals	Mayor	$2,000	$400
Johnny West	Council Member	$2,000	$100
Shenika Wright	Town Clerk	$2,000	N/A[F]

Mayor Seals told us she gave the incentive pay to herself, the police and fire chiefs, and all Town employees. Mayor Seals said the payments were unbudgeted, and the Council did not approve the $2,000 payments, but Council members accepted them. A Council member told us that the Council never discussed the ARPA funds, but that Mayor Seals told Council members they would receive $2,000 in incentive pay. The Council member said they did not ask any questions.

The Town also made a $2,000 lump-sum payment to the Chief of Police that appears to be a prohibited bonus. However, the Chief may be eligible for ARPA premium pay if he qualifies as an "eligible worker" who performed "essential work" as outlined in the applicable Treasury rules and AG *Opinion 22-0038*, and his total compensation, including premium pay, does not exceed his salary set by ordinance.

The Mayor was required to present a budget of proposed expenditures for the ARPA fund to the Council for approval before using any of the funds. The expenditures also had to meet the U.S. Department of the Treasury requirements. The AG issued three opinions regarding ARPA premium pay, including *Opinion No. 21-0101*, which opined that mayors and board members were not eligible for retroactive premium pay. In addition, the Town's charter requires the salaries of elected officials, the Town Clerk and the Town Treasurer to be set by the Council. However, as previously noted, Council minutes do not address the Treasurer's salary, and the budgets do not provide enough detail to determine the salaries of the Town Clerk and Town Treasurer.

By spending ARPA funds without a Council-approved budget, using the ARPA funds to make bond payments, and authorizing premium pay for herself and

[F] Only the elected officials were sent letters requesting repayment.

Council members, Mayor Seals may have violated state law[3,11] and the state constitution.[12]

Payroll Taxes not Paid

The Town did not remit $253,086 in federal and state payroll taxes for 2023 and 2024. This resulted in the Town incurring $96,806 in interest and penalties. By not making the required tax payments, Mayor Seals may have violated state and federal laws.[3,13,14,15]

According to the Internal Revenue Code, employers must deduct and withhold federal income tax from wages in accordance with prescribed tables or computational procedures. In addition, employers generally must file Form 941 quarterly to report federal income, Social Security, and Medicare taxes withheld from employees' paychecks, as well as the employer's share of Social Security and Medicare taxes. State law[14] also requires employers to deduct and withhold state income tax from wages in accordance with prescribed withholding tables. Employers must remit the withheld taxes to the appropriate taxing authorities.[13,14]

The Town withheld taxes from its employees' pay in 2023 and 2024; however, it did not remit $253,086 in payroll taxes owed to the Internal Revenue Service and Louisiana Department of Revenue for those years.

Ms. Harris stated that she processed the payroll. She said that if the Town had insufficient funds in a department's account (such as the Street or Police department) to fund the payroll, she transferred money from the Enterprise (Utility) account to the payroll account cover the shortage. If a department's account did not have enough funds to cover the total payroll liability, she transferred only the amount needed to cover the employees' net pay to the payroll bank account, but did not remit the withheld amounts, such as income and Social Security taxes. Ms. Harris also told us she never made any financial decisions without speaking to Mayor Seals, and that the Mayor directed all financial decisions.

The Town failed to remit federal and state payroll tax payments totaling $253,086 for 2023 and 2024. This resulted in the Town incurring $96,806 in interest and penalties. By not making the required tax payments, Mayor Seals may have violated state and federal laws.[3,13,14,15]

Recommendations

We recommend the Town consult with legal counsel to determine the appropriate actions to take in connection with this report. In addition, the Town should:

(1) Require a daily reconciliation of collections, account credits, and deposits. Any discrepancies must be reported to the mayor. An employee that is not involved in the utility collections, maintaining accounting records, or preparing or making deposits should be responsible for the reconciliation;

(2) Consult with legal counsel to determine and pursue recovery of amounts improperly credited to utility accounts or paid as compensation, including incentive payments;

(3) Require supporting documentation for all utility account credits, independent approval of adjustments to customer balances, and retention of Daily Drawer Reconciliation forms and deposit records;

(4) Follow the Town's policy prohibiting management from spending the meter deposit funds;

(5) Repay $81,869 of utility deposit funds used for payroll to the utility customer deposit account;

(6) Ensure the utility customer deposit records are accurate and that the bank account contains sufficient funds to cover the Town's actual customer deposit liability;

(7) Analyze the timing of the Town's revenue receipts to ensure sufficient funds are available to meet all payroll obligations when due;

(8) Follow state law and Town ordinances when adopting and implementing utility rate increases;

(9) Consult with legal counsel to determine whether customers are entitled to refunds or credits for the unauthorized utility rate increases and provide any refunds or credits required;

(10) Require timesheets documenting hours worked and leave taken, documented approval of overtime, and independent review of payroll against authorized compensation;

(11) Follow the Town's charter and applicable state law when setting or changing compensation for Town officials and employees;

(12) Comply with the Local Government Budget Act, including its requirements for budgeting the general fund and each special revenue fund;

(13) Remit past-due payroll taxes, ensure future payroll taxes are remitted when due, and require independent verification of those payments; and

(14) Work with the appropriate federal and state agencies to determine and complete corrective action for ARPA funds used for bond payments or other ineligible purposes.

LEGAL PROVISIONS

[1]**Louisiana Revised Statute (La. R.S.) 14:67(A)** states, "Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential."

[2] La. R.S. 42:1461(A) states, "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity", which, for purposes of this Section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

[3] La. R.S. 14:134(A), as in effect during the period reviewed, states, in part, "Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner…."

[4] **La. R.S. 14:132(B)** states, "Second degree injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any record, document, or other thing, defined as a public record pursuant to R.S. 44:1 et seq. and required to be preserved in any public office or by any person or public officer pursuant to R.S. 44:36."

[5] **Town of Homer Code of Ordinances, Section 17-33** states, "The rates to be charged for water and related services furnished by the Town shall be set from time to time by the mayor and selectmen, and a schedule of such rates is on file in the town clerk's office."

[6] La. R.S. 33:3822 states, "The governing authority of any parish, municipality or waterworks district is hereby vested with full power and authority, after having been petitioned by sixty percent of the resident property-owners of any such political subdivision, or by a vote of a majority in number and amount of the resident property taxpayers qualified to vote under the constitution and laws of this state who vote at an election held for that purpose in the manner provided by R.S. 39:501 through 39:518, in the discretion of the governing authority, to establish, acquire, construct, improve, extend and maintain within said political subdivision a waterworks system or systems, including such treatment facilities as may be required, with all necessary equipment and installations in connection therewith, including such extensions as may be proper to connect said system or systems with the main waterworks system of said political subdivision or any other available system or facilities whether within or without any such political subdivision; or, if the area which is to be served be an area within a parish, municipality or waterworks district already having water facilities or which may be able to acquire such facilities, within or without such political subdivision, then by the petition of the property owners in such area owning property comprising not less than sixty percent of the frontage of all lots or parcels of real-estate to be improved or benefited by the laying of such water lines or the installation of such improvements, or by vote of the qualified resident property taxpayers within such area, and they shall have full power and authority to levy and collect local or special assessments on the property within such political subdivision or the area so served or to establish rates for the sale of water within such political subdivision or the area so served sufficient in amount to defray the total cost of said work, including the cost of street intersections and installations and connections necessary to connect said system with the main water system of the political subdivision or necessary to connect said system with any facilities, outside of such political subdivision, including the cost of acquiring any such outside facilities whether by purchase, lease or otherwise, or including the cost of the

construction of complete waterworks facilities either within or without the political subdivision, all within the form and manner and subject to the limitations and restrictions herein contained."

[7] **La. R.S. 33:4002** states, in part, "Any municipal corporation may by an ordinance or resolution establish, maintain, and collect rates, charges, or connection charges for the use of and service rendered by the sewerage system to be paid by the owner of each parcel of real estate or building that is connected with or in any way uses or is served by the sewerage system of the municipality, and may re-adjust the rates, charges or connection charges from time to time…"

[8] **La. R.S. 42:14** states, in part, "(A) Every meeting of any public body shall be open to the public unless closed pursuant to R.S. 42:16, 17, or 18…(D) Except school boards, which shall be subject to R.S. 42:15, each public body conducting a meeting which is subject to the notice requirements of R.S. 42:19(A) shall allow a public comment period at any point in the meeting prior to action on an agenda item upon which a vote is to be taken. The governing body may adopt reasonable rules and restrictions regarding such comment period…"

La. R.S. 42:19(A)(1)(b)(i) states "All public bodies, except the legislature and its committees and subcommittees, shall give written public notice of any regular, special, or rescheduled meeting no later than twenty-four hours, exclusive of Saturdays, Sundays, and legal holidays, before the meeting."

[9] **Louisiana Administrative Code 51:XII.409(A)** states, in part, "Community water systems shall have a rate assessment or study performed every 5 years by a qualified entity approved by the state health officer..."

[10] **Town of Homer Charter Part I, Section 7,** states, in part, "…That the compensation of the assessor and collector shall be fixed by the mayor and selectmen, not to exceed six (6) per centum on the amount of taxes and licenses collected; they shall also fix the compensation of the clerk and treasurer of the corporation…"

[11] **La. R.S. 39:1305** states, in part, "A. Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund…D. A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget. The budget adoption instrument for any municipality, parish, school board, or special district shall be an appropriation ordinance, adoption resolution, or other legal instrument necessary to adopt and implement the budget document. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the governing authority."

La. R.S. 39:1311(C) states "The adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year."

[12] **Louisiana Constitution Article VII, Section 14(A)** states, "Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

[13] **26 U.S. Code § 3402(a)(1)** states, "Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. Any tables or procedures prescribed under this paragraph shall-(A) apply with respect to the amount of wages paid during such periods as the Secretary may prescribe, and (B) be in such form, and provide for such amounts to be

deducted and withheld, as the Secretary determines to be most appropriate to carry out the purposes of this chapter and to reflect the provisions of chapter 1 applicable to such periods."

26 USC § 3403 states "The employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment."

[14] **La. R.S. 47:112 (A)** states, "Requirement of withholding. Every employer making payment of wages shall deduct and withhold from such wages a tax in amounts to be provided in withholding tables promulgated by the secretary."

La. R.S. 47:113 states, in part, "An employer shall be liable for the payment to the collector of the amounts required to be withheld under R.S. 47:112…."

[15] **26 USC § 3102(a)** states, in part, "The tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid…"

26 USC § 3111 states, in part, "**(a)Old-age, survivors, and disability insurance** In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 6.2 percent of the wages (as defined in section 3121(a)) paid by the employer with respect to employment (as defined in section 3121(b)). **(b)Hospital insurance** In addition to the tax imposed by the preceding subsection, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to 1.45 percent of the wages (as defined in section 3121(a)) paid by the employer with respect to employment (as defined in section 3121(b))."

APPENDIX A

Management's Response

Shenovia Harris
Interim Town Clerk

Pamela Breadlove
Town Attorney

Dr. Xanthe Y. Seals, Mayor

October 26, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 9437
Baton Rouge, LA 70804-9397

Dear Auditor Waguespack,

The following are my responses to our investigative audit report by the Louisiana Legislative Auditor on the Town of Homer.

Missing Utility Funds

I do not dispute the fact that $16,769 was not deposited into the Towns account. How it happened and who is responsible is the issue. Although Ms. Harris can drop off a final deposit to the bank, she seldom does. During the time of her illness, she was not functioning at a high level administratively as she usually does. She was trying to keep things moving as well as possible. We didn't have a lot of cross training duties at that time and in my opinion, it is impossible to ascertain what happened. Conjecture is possible, but when it is accessing a person's integrity it cannot and should not be assessed as intentional. But I am encouraged that there are currently procedures in place, if followed will prevent these occurrences in the future.

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

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Improper Credit to Utility Accounts

The 11 transactions in question totaling $4,475 that were listed as credit card payments in the customer account had no locatable electronic card payment records verifying the receipt of such funds. Although credit to the individual was given. I am unsure when it comes to this system, being able to verify if cash was used instead of credit cards due to the fact that it is entered by hand. Is this the only instance of error, with the data that we have the determination is inconclusive.

Through this report we have learned of these inaccuracies in reporting but, but we have full confidence in Ms. Harris's integrity as she has served the Town of Homer through various administrations for 28 years. I am not acknowledging that something did not go amiss, however, I am sure it was unintentional.

Customer Utility Account Deposits Used for Payroll

I stand by my statement in the record and the payroll supplement that it was used for. At the time I didn't realize that it truly could not be moved. We had intended to transfer it back as funds became available but due to our financial position during that time, we were unable to do so in a timely manner. At this time the money has been returned to the account. Over $138 thousand dollars is currently available, all funds have been returned. Through the life of the account proper credits weren't given to individual accounts. At this point it is impossible to trace that far back. I surmise that we will come to a resolution that will allow for the unneeded funds to be properly amended and transferred to the Enterprise Fund. This is our fund where all the water and sewer funds are deposited.

Improper Water and Sewer Rate Increase

When I authorized the increase, I thought legislatively I had the power to do so. I was told when I entered office in 2019 that a previous administration had voted to allow the inflationary increase yearly automatically without council approval. I was told by our engineers, previous council members, and a previous Mayor that this was accurate. I never looked for the actual municipal proceedings to validate this until I was challenged to do so. After an exhaustive search

I could not find said information and as a result the increase was rescinded. However, it was discussed to give credit to customers that paid more during that time. Furthermore, after our Rate Study was done, the Council did vote to pass the approved rate study as well as to include the inflationary increase yearly to keep everything in line with rising costs. As a result, we will endeavor to return those said funds to the customers affected as a credit.

Improper Raises and Overtime for the Town Treasurer

Unfortunately, I didn't realize that I had to set the Treasurers Salary by Council vote and as a result I didn't realize she could not receive overtime. We don't have K time, and vacation time cannot be cashed out or carried over. So, how to compensate people for their essential extra hours especially when they are already underpaid. In hindsight, I think we may have done one across the board raise for all employees, but the rest were merit raises. I raised Ms. Harris's salary three times for various reasons over eight years. If I had realized I would have taken it before the council for approval. I have no doubt they would have approved of them. Also, Ms. Harris has served as Interim Clerk for the past two years. She agreed to it and did not ask for compensation because she felt that the town couldn't afford it.

No Budget for American Rescue Plan Act Fund and Improper Incentives to Town Officials

We didn't not budget the expenditures for the American Rescue Plan Funds. Other than Incentive Pay totaling $90,000.00 ($2000.00) was given to every employee on the Town of Homer's regular payroll and approximately $16,000.00 was used to purchase a fuel tank for the Town's Airport. The remaining funds were used as revenue replacement. In hindsight, we should have budgeted it for the purposes that we used them but more needed concerns kept arising. As for Improper Incentives, COVID was an unprecedented time. The uses and requirements kept changing until the final rule came down. Many opinions changed several times until precedents were set. After the Town was cited by audit finding, we were never ordered to repay the funds, we offered to repay the funds, we never said how we would repay them. We never said that each elected official had to pay the money back. They accepted the money in good faith, during Covid we all put our lives on the line. Many contracted covid, two employees and one spouse died. I

feel they should not be personally required to pay it back individually. All elected officials were not cited as receiving improper incentives. Furthermore, after we were notified, we never repeated this practice.

Payroll Taxes Not Paid

I did not know or was I informed that the payroll taxes were not being paid. I didn't know that the reason that they were not being paid was due to our cash on hand. We did not have all the funds necessary to make payments. The IRS has never contacted the Town of Homer to this day concerning unpaid taxes. However, they have responded to the inquiries that we have initiated. At this time our current years are up to date. 2024 has been paid and 2023 is being paid off quarterly. The interest and penalties are still being negotiated but we will comply with the final determination.

Humbly Submitted,

Dr. Xanthe Y. Seals, Mayor
Town of Homer, Louisiana

APPENDIX B

Fiscal Administrator’s Response

Shenovia Harris
Interim Town Clerk

Dr. Xanthe Y. Seals, Mayor

October 23, 2026

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Waguespack,

This letter provides the response by the Town of Homer Fiscal Administrator to your investigative audit report draft that was provided on October 13, 2026.

I appreciate the efforts of your staff to address the issues disclosed in your report. As noted in your report, the investigative audit was initiated in response to a letter that I sent to you and the District Attorney of the 2nd Judicial District. There are two additional items that were in my letter that are not covered in your report that I want to make note of in my response. Each of these has been reported in Fiscal Administrator quarterly reports and in financial audit reports prepared by the town's contracted audit firm.

1. Bond payments and reserves were not made as required by bond ordinances.
    a. **Louisiana Department of Health (LDH) Utility Revenue Bond Series 2015 Bond Payments** The town did not pay the principal, interest, and administrative fees for December 31, 2023, due date on their bonds totaling $135,446.45. The town also did not pay the June 1, 2024, interest and administrative fees payment totaling $25,178.85. $146,987.25 was also due December 1, 2024; however, the town did not have sufficient funds to make this payment. After working with bond counsel for LDH, the bond payments were restructured to move the unpaid balances into future years. A final agreement was approved on June 9, 2025.
    b. **Louisiana Department of Environmental Quality (DEQ) Clean Water State Revolving Loan Fund Taxable Revenue Bonds, Series 2013** Principal, interest, and administrative fees totaling $147,849.39 were not paid when due on December 1,2023; however, payments were made on April 1, 2024. June 2023 and June 2024 interest and administrative fee payments totaling $15,147.08 were not paid when due. $146,987.25 was due December 1, 2024; however, the town did not have sufficient funds to make this payment. After working with bond counsel for DEQ, the bond payments were restructured to move the unpaid balances into future years. A final agreement was approved on June 9, 2025.
    c. **Capital One Series 2013 Bonds** Principal and interest totaling $133,662.50 were not paid when due on December 1, 2023, however, payments were made on February 13, 2024. $159,000 was due December 1, 2024; however, the town did not have sufficient funds to make this payment. I worked with bond counsel for

Capital One to restructure these bonds and revise the payment schedule to move the unpaid balances into future years. The final agreement was adopted by Ordinance by the Board of Selectmen on December 9, 2024.

2. The Board of Selectmen adopted budgets for the town based on what was presented to them by the mayor. Even though budgets were approved, the mayor overspent these budgets in 2021, 2022, and 2023.

In response to your recommendations, we have been and will continue to address all these recommendations in consultation with the town's legal counsel.

Sincerely,

David K. Greer, CPA
Fiscal Administrator

APPENDIX C

Ms. Shenovia Harris’ Response

Shenovia Harris, Interim Town Clerk

Dr. Xanthe Y. Seals, Mayor

Pamela Breedlove, Town Attorney

October 26, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

In response to the findings:

I, Shenovia Harris, currently serving as Town Treasurer and Interim Town Clerk, have been employed as a public servant by the Town of Homer for over 27 years. During these years, I have remained a faithful employee through each administration. I have worked in every capacity in the Business Office through several administrations, giving each task my best effort.

Unfortunately, in 2023 I was diagnosed with Stage 3 Cancer.; currently by the Grace of God I am in Remission. There were no other employees cross-trained to cover my job duties. Therefore, I continued to work through radiation and chemotherapy during this time even on my worst days, whether on-site or off-site. I have carried a heavy workload for many years due to staff turnover and everything just kind of always makes it way to me; but I don't complain, never have. I have always taken up the slack. In 2024, while hospitalized, I was appointed Interim Town Clerk; a position I am currently still fulfilling; performing day to day duties.

I know that record keeping was not in the greatest shape when the Fiscal Administrator arrived. I have done my best with the limited staff that we have. I know that budget concerns are an issue but prayerfully the Town can get to a place where we can have more room for cross training in the future; so one person doesn't have to carry the load. The auditors did meet with me about discrepancies that were noted in their report and unfortunately I do not have an explanation for those inaccuracies. I have not purposely defrauded the Town in any way.

One of my many duties is to prepare deposits at the end of the day for daily collections. Once the cashier prepares the daily cash report, I count the cash and checks and prepare the deposit for the bank and another staff hand delivers and brings the receipt back to attach to the report. I am currently still performing these duties. I have not taken any funds for personal use. As for my personal accounts, I did receive several donations in 2023-2024 during my illness through different organizations and personal donations. Also, the community held a cancer walk in my honor. I am thankful.

In reference to the mentioned utility account, I was asked by my landlord on rare occasions to apply my monthly payment to the utility account and I did; I still do from time to time when asked. I did not intentionally make any improper utility adjustments.

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

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In reference to my salary, my salary is based on an hourly rate, even though the position was classified as salaried in the beginning, about (3) administrations ago it changed from semi-monthly to biweekly; calculated at an hourly rate. The overtime I received was mostly for compiling things for audits, etc. I receive all audit requests for the annual audits and I am responsible for completing those requests; with limited staff. Vacations are hard to schedule due to work load and time sensitive job duties. In 2025, I forfeited 267 hours of time off due to job responsibilities.

The Town is just now at a point where Audits and Financials are up to date thanks to the hard work and dedication of Mr. Greer and Mr. Koskie.

Respectfully Submitted,

Shenovia Harris

Shenovia Harrris