

**TOWN OF HOMER, LOUISIANA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2013**

**Marsha O. Millican**  
**A Professional Accounting Corporation**  
**Shreveport, Louisiana**

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

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

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Homer (the Town) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

The financial statements referred to above do not include financial data for the Town's legally separate component unit, Homer Memorial Hospital, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Town's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Town of Homer unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. As the Homer Memorial Hospital's fiscal year end is June 30, the effect of this omission as of December 31, 2013, is not readily determinable.

In my opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component unit of Town of Homer, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Further, in my opinion, the financial statements referred to above present fairly, in all material respects, respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Homer, Louisiana, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

***Other Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated May 8, 2014 on my consideration of Town of Homer, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Homer, Louisiana's internal control over financial reporting and compliance.



Certified Public Accountant

May 8, 2014

TOWN OF HOMER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ALAYSIS

December 31, 2013

Our discussion and analysis of the Town of Homer, Louisiana (the Town) provides an overview of the Town's activities for the year ended December 31, 2013. Please read it in conjunction with the Town's financial statements.

**USING THIS ANNUAL REPORT**

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

**Reporting the Town as a Whole**

**The Statement of Net Position and the Statement of Activities**

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

**THE TOWN AS A WHOLE**

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

**NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$2,771,164	\$2,644,338	\$1,101,506	\$ 996,910	\$3,872,670	\$ 3,641,248
Capital assets, net	2,944,842	3,063,374	5,698,280	5,501,188	8,643,122	8,564,562
Total assets	<u>5,716,006</u>	<u>5,707,712</u>	<u>6,799,786</u>	<u>6,498,098</u>	<u>12,515,792</u>	<u>12,205,810</u>
Deferred outflow of resources	-	-	-	-	-	-
Liabilities:						
Current and other liabilities	2,581,775	2,284,783	325,587	343,435	2,907,362	2,628,218
Long-term debt	-	-	2,230,000	2,075,430	2,230,000	2,075,430
Total liabilities	<u>2,581,775</u>	<u>2,284,783</u>	<u>2,555,587</u>	<u>2,418,865</u>	<u>5,137,362</u>	<u>4,703,648</u>
Deferred inflow of resources	-	-	-	-	-	-
Net position:						
Invested in capital assets, net of debt	2,944,842	3,063,374	3,383,280	3,354,746	6,328,122	6,418,120
Restricted (Deficit)	(681,961)	(698,563)	223,085	255,822	(458,876)	(442,741)
Unrestricted	871,350	1,058,118	637,834	468,665	1,509,184	1,526,783
Total net position	<u>\$3,134,231</u>	<u>\$3,422,929</u>	<u>\$4,244,199</u>	<u>\$4,079,233</u>	<u>\$7,378,430</u>	<u>\$ 7,502,162</u>

TOWN OF HOMER, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

For the year ended December 31, 2013, net position changed as follows:

**CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 7,575	\$ 7,188	\$ 1,269,118	\$ 1,119,099	\$ 1,276,693	\$ 1,126,287
Operating grants and contributions	135,812	79,719	-	-	135,812	79,719
Capital grants and contributions	103,519	56,688	397,308	393,845	500,827	450,533
General revenues:						
Property taxes	347,091	355,960	-	-	347,091	355,960
Sales and use taxes	917,601	956,751	-	-	917,601	956,751
Other taxes, licenses and permits	283,181	317,386	-	-	283,181	317,386
Other	127,773	36,538	1,517	3,243	129,290	39,781
Total revenues	<u>1,922,552</u>	<u>1,810,230</u>	<u>1,667,943</u>	<u>1,516,187</u>	<u>3,590,495</u>	<u>3,326,417</u>
Expenses:						
General government	696,078	671,422	-	-	696,078	671,422
Public safety	794,998	713,069	-	-	794,998	713,069
Highways and streets	372,630	331,565	-	-	372,630	331,565
Culture and recreation	80,746	134,960	-	-	80,746	134,960
Economic development	209,337	213,900	-	-	209,337	213,900
Utilities	-	-	1,471,778	1,153,530	1,471,778	1,153,530
Total expenses	<u>2,153,789</u>	<u>2,064,916</u>	<u>1,471,778</u>	<u>1,153,530</u>	<u>3,625,567</u>	<u>3,218,446</u>
Change in net position before transfers	(231,237)	(254,686)	196,165	362,657	(35,072)	107,971
Transfers	(57,461)	80,145	57,461	(80,145)	-	-
Change in net position	<u>\$ (288,698)</u>	<u>\$ (174,541)</u>	<u>\$ 253,626</u>	<u>\$ 282,512</u>	<u>\$ (35,072)</u>	<u>\$ 107,971</u>



TOWN OF HOMER, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

At the close of the fiscal year, assets of the Town exceeded liabilities by \$7,378,430. Of those assets, \$6,328,122 represents the Town's investment in capital assets net of accumulated depreciation and related debt. These assets are not available for future spending. The remaining net position consists of bank balances, receivables and other assets.

Net assets decreased by \$35,072. Current and other assets exclusive of due from other funds, decreased by \$14,799. Revenues increased from 2012 by \$284,088. Expenses increased by \$407,121.

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

**BUDGETARY HIGHLIGHTS**

During the year ended December 31, 2013, one budget amendment was adopted. The amendment increased taxes, grants, other revenues, general government expenditures, economic development expenditures, and public safety expenditures.

Actual revenues in the General Fund exceed budgeted amounts by \$105,052.  
Actual expenses in the General Fund exceeded budgeted amounts by \$214,763.

Actual revenues in the Street Fund exceeded budgeted amounts by \$19,321.  
Actual expenses in the Street Fund exceeded budgeted amounts by \$71,394

Actual revenues in the Industrial Development fund exceeded budgeted amounts by \$179,181.  
Actual expenses in the Industrial Development fund exceeded budgeted amounts by \$122,571.

Actual revenues in the Police Fund failed to meet budgeted amounts by \$34,099.  
Actual expenses in the Police Fund exceeded budgeted amounts by \$58,427.

TOWN OF HOMER, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2013, the Town's investment in capital assets for its governmental and business-type activities amounts to \$2,944,842 and \$5,698,280, respectively, for a total of \$8,643,122 (net of accumulated depreciation). This investment includes land, buildings and improvements, vehicles, machinery, equipment, and water and sewer systems

**Debt**

At year end, the Town had debt outstanding totaling \$2,315,000, consisting of 2009 utility revenue refunding bonds of \$60,000 and 2013 utility revenue refunding bonds of \$2,255,000. The bonds bear interest at rates from 3.25% to 5.75% and are due to mature in 2014 and 2033, respectively.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

TOWN OF HOMER, LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash	\$ 456,857	\$ 149,523	\$ 606,380
Taxes and accounts receivable	383,833	179,294	563,127
Total Current Assets	<u>840,690</u>	<u>328,817</u>	<u>1,169,507</u>
Noncurrent Assets			
Restricted cash	-	346,285	346,285
Due from other funds	1,928,344	426,404	2,354,748
Other Assets	2,130	-	2,130
Capital assets, net	2,944,842	5,698,280	8,643,122
Total Noncurrent Assets	<u>4,875,316</u>	<u>6,470,969</u>	<u>11,346,285</u>
Total Assets	<u>5,716,006</u>	<u>6,799,786</u>	<u>12,515,792</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	227,027	109,808	336,835
Current portion of long term debt	-	85,000	85,000
Accrued interest on bonds	-	7,579	7,579
Due to other funds	2,354,748	-	2,354,748
Total current liabilities	<u>2,581,775</u>	<u>202,387</u>	<u>2,784,162</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	-	2,230,000	2,230,000
Customer deposits	-	123,200	123,200
Total Noncurrent liabilities	<u>-</u>	<u>2,353,200</u>	<u>2,353,200</u>
Total liabilities	<u>2,581,775</u>	<u>2,555,587</u>	<u>5,137,362</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Investment in capital assets, Net of related debt	2,944,842	3,383,280	6,328,122
Restricted for debt service	-	223,085	223,085
Restricted (Deficit)	(681,961)	-	(681,961)
Unrestricted	871,350	637,834	1,509,184
Total Net Position	<u>\$ 3,134,231</u>	<u>\$ 4,244,199</u>	<u>\$ 7,378,430</u>

The accompanying notes are an integral part of this statement.

**TOWN OF HOMER, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 696,078	\$ -	\$ 41,000	\$ -	\$ (655,078)	\$ -	\$ (655,078)
Public Safety	794,998	-	63,000	-	(731,998)	-	(762,234)
Highways and Streets	372,630	-	-	-	(372,630)	-	(325,783)
Culture & Recreation	80,746	-	-	-	(80,746)	-	(105,409)
Economic Development	209,337	7,575	31,812	103,519	(66,431)	-	(66,431)
Total Governmental Activities	2,153,789	7,575	135,812	103,519	(1,906,883)	-	(1,906,883)
Business-Type Activities							
Utility Fund	1,471,778	1,269,118	-	397,308	-	194,648	194,648
Total Business-Type Activities	1,471,778	1,269,118	-	397,308	-	194,648	194,648
Total Primary Government	\$ 3,625,567	\$ 1,276,693	\$ 135,812	\$ 500,827	(1,906,883)	194,648	(1,712,235)
General Revenues							
Taxes							
Ad Valorem					347,091	-	347,091
Franchise					210,485	-	210,485
Licenses and Permits					65,230	-	65,230
Sales					917,601	-	917,601
Beer					7,466	-	7,466
Fines					36,076	-	36,076
Transfers to/from other funds					(57,461)	57,461	-
Miscellaneous					91,697	1,517	93,214
Total General Revenues and Transfers					1,618,185	58,978	1,677,163
Change in Net Assets					(288,698)	253,626	(35,072)
Net Assets, Beginning of Year					3,422,929	3,990,573	7,413,502
Net Assets, End of Year					\$ 3,134,231	\$ 4,244,199	\$ 7,378,430

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA

Balance Sheet

Governmental Funds

December 31, 2013

	Industrial				Total
	General Fund	Street Fund	Development Fund	Police Fund	
<b>Assets</b>					
Cash	\$ 97,399	\$ 3,538	\$ 197,143	\$ 1,647	\$ 456,857
Grants and contracts receivable	192,049	31,931	118,609	18,627	383,833
Due from other Funds	1,488,353	8,990	175,658	-	1,928,344
Other Assets	2,130	-	-	-	2,130
<b>Total Assets</b>	<b>\$ 1,779,931</b>	<b>\$ 44,459</b>	<b>\$ 491,410</b>	<b>\$ 20,274</b>	<b>\$ 2,771,164</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 51,176	\$ 19,137	\$ 126,502	\$ 19,074	\$ 227,027
Deferred Revenue	10,512	-	-	-	10,512
Due to other funds	857,405	135,853	8,990	1,276,032	2,354,748
<b>Total Liabilities</b>	<b>919,093</b>	<b>154,990</b>	<b>135,492</b>	<b>1,295,106</b>	<b>2,592,287</b>
<b>Fund Balances</b>					
Assigned	-	(110,531)	355,918	(1,274,832)	(681,961)
Unassigned	860,838	-	-	-	860,838
<b>Total Fund Balances</b>	<b>860,838</b>	<b>(110,531)</b>	<b>355,918</b>	<b>(1,274,832)</b>	<b>178,877</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,779,931</b>	<b>\$ 44,459</b>	<b>\$ 491,410</b>	<b>\$ 20,274</b>	<b>\$ 2,771,164</b>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013

Total Fund Balance for Governmental Funds	\$ 178,877
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,944,842
Other long-term assets are not available to pay for current period expenditures and, are deferred in the funds	<u>10,512</u>
Total Net Position of Governmental Activities	<u><u>\$ 3,134,231</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

All Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Street Fund	Industrial Development Fund	Police Fund	NonMajor Funds	Totals
<u>REVENUES</u>						
Taxes:						
Property	\$ 132,919	\$ -	\$ -	\$ -	\$212,775	\$ 355,960
Sales	382,444	279,213	93,070	162,874	-	917,601
Franchise	210,485	-	-	-	-	210,485
Beer	7,466	-	-	-	-	7,466
Intergovernmental	41,000	-	135,331	38,000	25,000	239,331
Licenses and Permits	65,230	-	-	-	-	65,230
Charges for Services	7,325	-	-	-	250	7,575
Fines	-	-	-	36,076	-	36,076
Donations	-	-	-	-	-	-
Miscellaneous	52,533	688	33,780	811	3,885	91,697
Total Revenues	<u>899,402</u>	<u>279,901</u>	<u>262,181</u>	<u>237,761</u>	<u>241,910</u>	<u>1,921,155</u>
<u>EXPENDITURES</u>						
Current:						
General Government	628,528	-	-	-	-	628,528
Public Safety	-	-	-	683,377	60,486	743,863
Highways and Streets	-	331,172	-	-	-	331,172
Culture & Recreation	-	-	-	-	65,681	65,681
Economic Development	-	-	250,756	-	15,257	266,013
Total Expenditures	<u>628,528</u>	<u>331,172</u>	<u>250,756</u>	<u>683,377</u>	<u>141,424</u>	<u>2,035,257</u>
Excess (deficiency of revenues over expenditures)	270,874	(51,271)	11,425	(445,616)	100,486	(114,102)
<u>OTHER FINANCING SERVICES (USES)</u>						
Operating transfers in	-	-	-	455,633	-	455,633
Operating transfers out	(459,039)	-	(44,055)	-	(10,000)	(513,094)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(188,165)	(51,271)	(32,630)	10,017	90,486	(171,563)
<u>FUND BALANCES</u>						
Beginning of year	1,049,003	(59,260)	388,548	(1,284,849)	256,998	350,440
End of year	<u>\$ 860,838</u>	<u>\$(110,531)</u>	<u>\$ 355,918</u>	<u>\$(1,274,832)</u>	<u>\$347,484</u>	<u>\$ 178,877</u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Net Changes in Fund Balances - Total Governmental Funds \$ (171,563)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (222,051) exceeds capital outlay (103,519) (118,532)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 1,397

Change in Net Position of Governmental Activities \$ (288,698)

The accompanying notes are an integral part of this statement.



TOWN OF HOMER, LOUISIANA

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2013

Assets	
Current Assets	
Cash	\$ 149,523
Accounts receivable, net	179,294
Total Current Assets	<u>328,817</u>
Noncurrent Assets	
Restricted cash	346,285
Due from other funds	426,404
Capital assets, net	5,698,280
Total Noncurrent Assets	<u>6,470,969</u>
Total Assets	<u>6,799,786</u>
Deferred Outflows of resources	<u>-</u>
Liabilities	
Liabilities	
Accounts payable and accruals	109,808
Accrued interest on bonds	7,579
Bonds payable, due within one year	85,000
Total Current Liabilities	<u>202,387</u>
Noncurrent Liabilities	
Customer deposits	123,200
Bonds payable, due after one year	2,230,000
Total Noncurrent Liabilities	<u>2,353,200</u>
Total Liabilities	<u>2,555,587</u>
Deferred Inflows of resources	<u>-</u>
Net Position	
Investments in capital assets, Net of related debt	3,383,280
Restricted for debt service	223,085
Unrestricted	637,834
Total Net Position	<u>\$ 4,244,199</u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 1,269,118
Miscellaneous	1,517
Total Operating Revenues	<u>1,270,635</u>
<b>OPERATING EXPENSES</b>	
Personal Services	202,222
Maintenance and Repair	36,269
Contractual Services	418,370
Other Supplies and Expenses	184,949
Legal, Accounting, and Insurance Expense	32,032
Utilities	90,017
Depreciation	252,749
Total Operating Expenses	<u>1,216,608</u>
Changes in Net Position before Other Revenue (Expense)	54,027
<b>OTHER REVENUE (EXPENSE)</b>	
Capital Contributions	397,308
Transfers from other funds	57,461
Interest Expense	<u>(255,170)</u>
Changes in Net Position	253,626
Net Position, Beginning of Year, as previously reported	4,079,233
Prior Period Adjustment (Implementation of GASB 65)	<u>(88,660)</u>
Net Position, Beginning of Year, restated	3,990,573
Net Position, End of Year	<u><u>\$ 4,244,199</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities:	
Cash received from customers	\$ 1,288,974
Cash payments to suppliers and employees	(1,204,756)
Other operating income	1,517
Net cash provided by operating activities	<u>85,735</u>
Cash flows from capital and related financing activities	
System improvements	(449,840)
Transfers from other funds	57,461
Capital contributions	397,308
Interest paid on long term debt	(254,008)
Proceeds from debt	2,280,000
Principal payments on long term debt	(2,111,442)
Net cash used by capital and related financing activities	<u>(80,521)</u>
Net increase in cash	5,214
Cash, January 1, 2013 (including \$365,797 in restricted accounts)	<u>490,594</u>
Cash, December 31, 2013 (including \$346,285) in restricted accounts)	<u>\$ 495,808</u>
Reconciliation of changes in net assets to net cash provided by operating activities:	
Changes in net assets before other revenue (expenses)	\$ 54,027
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	252,749
Prior period adjustment	(88,660)
Changes in assets and liabilities	
Decrease in accounts receivable	19,856
Increase in due from other funds	(191,819)
Decrease in prepaid expenses	72,581
Decrease in accounts payable	(46,224)
Increase in customer deposits	13,225
Net cash provided by operating activities	<u>\$ 85,735</u>

The accompanying notes are an integral part of this statement.

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.                      Basis of Accounting**

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

**B.                      Reporting Entity**

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

**C.                      Government-Wide and Fund Financial Statements**

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

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

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

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Town-of Homer reports the following governmental and proprietary funds:

**Governmental Funds**

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

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

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

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Funds

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

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

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

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

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

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

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

**F.                      Cash and Cash Equivalents**

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

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

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

**G.                      Receivables**

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

**H.                      Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2013, \$29,791 Business-Type Activities receivables were considered to be uncollectible.

**I.                      Capital Assets**

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

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

**J.                      Sales Taxes**

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



TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

**K.                      Compensated Absences**

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

**L.                      Estimates**

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

**NOTE 2    LEVIED TAXES**

Town of Homer levies taxes on real and business personal property located within its boundaries. The Parish Tax Assessor assesses the property values and prepares the Town's property tax roll. The Town bills and collects its own property taxes. Ad valorem taxes are levied and billed to the taxpayer in December, and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. Taxes of 8.33 mills were levied on property with assess valuations totaling \$16,124,238 and were dedicated for general operating purposes. Total taxes levied after adjustments were \$134,317. Taxes receivable at December 31, 2013 totaled \$129,433.

**NOTE 3    DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**A.                      Deposits with Financial Institutions**

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

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The carrying amount of the Town's deposits at December 31, 2013 (including petty cash of \$500) was \$952,665 and the bank's balance was \$1,020,731. The difference is due to outstanding checks and deposits at year end. The banks balances were secured as follows:

Secured by FDIC Insurance:	\$	381,878
Collateralized by securities pledged in the Town's name:		638,853
Total	\$	1,020,731



TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 4    ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at December 31, 2013:

	Governmental Activities	Business-Type Activities	Total
Taxes			
Ad Valorem	\$ 129,344	\$ -	\$ 129,344
Franchise	17,228	-	17,228
Sales	127,238	-	127,238
Other	2,058	-	2,058
Grants	107,965	-	107,965
Charges for services	-	179,294	179,294
Total.	<u>\$ 383,833</u>	<u>\$ 179,294</u>	<u>\$ 563,127</u>

**NOTE 5    CAPITAL ASSETS**

A summary of Town of Homer's capital assets at December 31, 2013 follows:

	Balance 1/1/2013	Additions	Retirements	Balance 12/31/2013
<b>Government Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 135,743	\$ -	\$ -	\$ 135,743
Total Capital Assets, not being depreciated	135,743	-	-	135,743
Capital Assets, being depreciated				
Infrastructure	4,435,818	-	-	4,435,818
Land Improvements	1,593,849	103,519	-	1,697,368
Buildings	885,360	-	-	885,360
Building Improvements	139,053	-	-	139,053
Furniture & Equipment	309,008	-	-	309,008
Vehicles	883,278	-	-	883,278
Total Buildings and other improvements	8,246,366	103,519	-	8,349,885
Accumulated Depreciation				
Infrastructure	2,185,810	148,263	-	2,334,073
Land Improvements	1,389,012	31,457	-	1,420,469
Buildings	592,762	9,855	-	602,617
Building Improvements	75,875	-	-	75,875
Furniture & Equipment	264,027	27,782	-	291,809
Vehicles	811,249	4,694	-	815,943
Total Buildings and other improvements	5,318,735	222,051	-	5,540,786
Total Capital Assets, being depreciated	2,735,568	(118,532)	-	2,809,099
<b>Governmental Activities</b>				
Total Capital Assets, net	<u>\$ 2,871,311</u>	<u>\$ (118,532)</u>	<u>\$ -</u>	<u>\$ 2,944,842</u>

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

NOTE 5 CAPITAL ASSETS - CONTINUED

	<u>1/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2013</u>
Government Activities				
Capital Assets, not being depreciated				
Land	\$ 13,330	\$ -	\$ -	\$ 13,330
Work in Progress	57,710	313,772	-	371,482
Total Capital Assets, not being depreciated	<u>71,040</u>	<u>313,772</u>	<u>-</u>	<u>384,812</u>
Capital Assets, being depreciated				
Infrastructure	12,144,019	136,068	-	12,280,087
Buildings	127,367	-	-	127,367
Furniture and equipment	157,095	-	-	157,095
Vehicles	176,925	-	-	176,925
Total capital assets being depreciated	<u>12,605,406</u>	<u>136,068</u>	<u>-</u>	<u>12,741,474</u>
Less accumulated depreciation for:				
Infrastructure	6,768,174	252,749	-	7,020,923
Buildings	127,367	-	-	127,367
Furniture and equipment	103,481	-	-	103,481
Vehicles	176,235	-	-	176,235
Total accumulated depreciation	<u>7,175,257</u>	<u>252,749</u>	<u>-</u>	<u>7,428,006</u>
Total capital assets being depreciated	<u>5,430,149</u>	<u>(116,681)</u>	<u>-</u>	<u>5,313,468</u>
Governmental activities, capital assets, net	<u>\$ 5,501,189</u>	<u>\$ 197,091</u>	<u>\$ -</u>	<u>\$ 5,698,280</u>

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS**

The following is a summary of accounts payable at December 31, 2013:

	Governmental Activities	Business-Type Activities	Total
Vendor	\$ 94,322	\$ 79,873	\$ 174,195
Payroll	29,186	-	29,186
Construction	103,519	29,935	133,454
Total	<u>\$ 227,027</u>	<u>\$ 109,808</u>	<u>\$ 336,835</u>

**NOTE 7 LEASES**

Town of Homer was not obligated under any operating lease commitments at December 31, 2013.

**NOTE 8 RISK MANAGEMENT**

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

**NOTE 9 LONG-TERM DEBT**

The following is a summary of debt transactions of Town of Homer, Louisiana for the year ended December 31, 2013:

	Balance 1/1/2013	Issuances	Retirements	Balance 12/31/2013
Revenue Bonds - 1996 Issue	\$ 457,520	\$ -	\$ (457,520)	\$ -
Revenue Bonds - 2009 Issue	1,705,000		(1,645,000)	60,000
Revenue Bonds - 2013 Issue	-	2,280,000	(25,000)	2,255,000
Less: Deferred Amounts	(16,078)	-	16,078	-
Balance, December 31, 2012	<u>\$ 2,146,442</u>	<u>\$ 2,280,000</u>	<u>\$(2,111,442)</u>	<u>\$ 2,315,000</u>

Bonds payable at December 31, 2013 are as follows:

Revenue Bonds:

\$2,280,000 Sewer Revenue Bonds dated April 24, 2013; payable over a 20 year period in annual installments ranging from \$69,460 \$157,519 including interest through December 2033; interest at 3.25% \$ 2,255,000

Utility Revenue Refunding Bonds dated December 27, 2009, payable one installment of \$60,000 on December 1, 2014; interest ranging 3.25% to 5.375% \$ 60,000

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

**NOTE 9            LONG TERM DEBT (CONTINUED)**

The annual requirements to amortize all long-term debt outstanding as of December 31, 2013, including interest payments of \$868,335 is as follows:

Year Ending December 31	2009 Revenue Bonds	2013 Revenue Bonds	Total Total
2014	\$        61,238	\$        160,763	\$        222,001
2015	-	157,475	157,475
2016	-	159,713	159,713
2017	-	161,787	161,787
2018	-	158,700	158,700
2019 and after	-	2,323,659	2,323,659
Total	<u>\$        61,238</u>	<u>\$        3,122,097</u>	<u>\$        3,183,335</u>

**NOTE 10            RETIREMENT PLANS**

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

Under the Municipal Employees Retirement System, Plan A, employees are required to contribute 9.50% of their salary and the Town's contribution rate ranged from 17.00% - 18.75% of eligible salaries. Contributions under this plan for 2013 totaled \$38,440 based on eligible wages of \$216,954.

Under the Municipal Police Employees Retirement System, employees are required to contribute 7.5% of their salary and the Town's contribution rate was 33.5% of eligible salaries. Contributions under this plan for 2013 totaled \$67,017 based on eligible wages of \$200,051.

**NOTE 11            CONTINGENT LIABILITIES**

During 2010, the Town settled a lawsuit. The Town paid \$25,000 in 2011, 2012, and 2013 to extinguish this debt.

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

TOWN OF HOMER, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013

**NOTE 12 ON-BEHALF PAYMENTS**

Certain employees in the Town's police department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenue and expenditures for these payments in the Police Special Revenue Fund. Revenue and expenditures under this arrangement totaled \$38,000.

**NOTE 13 PENDING LITIGATION**

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

**NOTE 14 SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through May 8, 2014, the date on which the financial statements were available to be issued and determined that no additional disclosures are necessary.

**NOTE 15 OTHER MATTERS**

The Street Fund and the Police Fund had deficit fund balances at December 31, 2013 of \$110,531 and \$1,274,832 respectively. Subsequent to year end, the management of Town of Homer adopted a formal plan to eliminate the deficits by making operating transfers from the General Fund to the Street Fund and the Police Fund.

TOWN OF HOMER, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV./(UNFAV.)</u>
Revenues				
Taxes	\$ 690,500	\$ 694,500	\$ 733,314	\$ 38,814
Intergovernmental	60,000	-	41,000	41,000
Licenses and Permits	64,700	64,700	65,230	530
Charges for Services	6,000	6,000	7,325	1,325
Miscellaneous	34,750	29,150	52,533	23,383
Total Revenues	<u>855,950</u>	<u>794,350</u>	<u>899,402</u>	<u>105,052</u>
Expenditures				
General Government	449,235	413,765	628,528	(214,763)
Total Expenditures	<u>449,235</u>	<u>413,765</u>	<u>628,528</u>	<u>(214,763)</u>
Excess of revenues over expenditures before transfers	406,715	380,585	270,874	(109,711)
Transfers (to) from other funds	<u>(330,000)</u>	<u>(355,000)</u>	<u>(459,039)</u>	<u>(104,039)</u>
Excess of revenues over (under) expenses	76,715	25,585	(188,165)	(213,750)
Fund Balances, Beginning of Year	<u>1,049,003</u>	<u>1,049,003</u>	<u>1,049,003</u>	-
Fund Balances, End of Year	<u>\$ 1,125,718</u>	<u>\$ 1,074,588</u>	<u>\$ 860,838</u>	<u>\$ (213,750)</u>

TOWN OF HOMER, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAV./(UNFAV.)</u>
Revenues				
Taxes	\$ 252,000	\$ 252,000	\$ 279,213	\$ 27,213
Intergovernmental	7,980	7,980	-	(7,980)
Miscellaneous	900	600	688	88
Total Revenues	<u>260,880</u>	<u>260,580</u>	<u>279,901</u>	<u>19,321</u>
Expenditures				
Highways and streets	<u>286,528</u>	<u>259,778</u>	<u>331,172</u>	<u>(71,394)</u>
Total Expenditures	<u>286,528</u>	<u>259,778</u>	<u>331,172</u>	<u>(71,394)</u>
Increase (Decrease) in net assets before transfers	(25,648)	802	(51,271)	(52,073)
Transfers (to) from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenses	(25,648)	802	(51,271)	(52,073)
Fund Balances, Beginning of Year	<u>(59,260)</u>	<u>(59,260)</u>	<u>(59,260)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (84,908)</u>	<u>\$ (58,458)</u>	<u>\$ (110,531)</u>	<u>\$ (52,073)</u>

TOWN OF HOMER, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCE OF  
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL -  
INDUSTRIAL DEVELOPMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAV./(UNFAV.)</u>
Revenues				
Taxes	\$ 81,000	\$ 81,000	\$ 93,070	\$ 12,070
Intergovernmental	17,000	-	135,331	135,331
Miscellaneous	2,000	2,000	33,780	31,780
Total Revenues	<u>100,000</u>	<u>83,000</u>	<u>262,181</u>	<u>179,181</u>
Expenditures				
Economic Development	69,185	128,185	250,756	(122,571)
Total Expenditures	<u>69,185</u>	<u>128,185</u>	<u>250,756</u>	<u>(122,571)</u>
Increase (Decrease) in net assets before transfers	30,815	(45,185)	11,425	56,610
Transfers (to) from other funds	<u>5,000</u>	<u>30,000</u>	<u>(44,055)</u>	<u>(74,055)</u>
Excess of revenues over (under) expenses	35,815	(15,185)	(32,630)	(17,445)
Fund Balances, Beginning of Year	<u>388,548</u>	<u>388,548</u>	<u>388,548</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 424,363</u>	<u>\$ 373,363</u>	<u>\$ 355,918</u>	<u>\$ (17,445)</u>



TOWN OF HOMER, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS - BUDGET (GAAP) AND ACTUAL -  
POLICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAV./(UNFAV.)
Revenues				
Taxes	\$ 150,000	\$ 150,000	\$ 162,874	\$ 12,874
Fines	79,340	78,850	36,076	(42,774)
Intergovernmental	42,000	42,000	38,000	(4,000)
Miscellaneous	1,010	1,010	811	(199)
Total Revenues	<u>272,350</u>	<u>271,860</u>	<u>237,761</u>	<u>(34,099)</u>
Expenditures				
Public Safety	<u>639,750</u>	<u>624,950</u>	<u>683,377</u>	<u>(58,427)</u>
Total Expenditures	<u>639,750</u>	<u>624,950</u>	<u>683,377</u>	<u>(58,427)</u>
Increase (Decrease) in net assets before transfers	(367,400)	(353,090)	(445,616)	(92,526)
Transfers (to) from other funds	<u>360,000</u>	<u>360,000</u>	<u>455,633</u>	<u>95,633</u>
Excess of revenues over (under) expenses	(7,400)	6,910	10,017	3,107
Fund Balances, Beginning of Year	<u>(1,284,849)</u>	<u>(1,284,849)</u>	<u>(1,284,849)</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (1,292,249)</u>	<u>\$ (1,277,939)</u>	<u>\$ (1,274,832)</u>	<u>\$ 3,107</u>

TOWN OF HOMER, LOUISIANA

Balance Sheet

NonMajor Governmental Funds--Special Revenue Funds

December 31, 2013

	Fire	Recreation	Contingency	Tourism	Total
<b>Assets</b>					
Cash	\$ 117,731	\$ 22,973	\$ 1,400	\$ 15,026	\$ 157,130
Grants and contracts receivable	5,322	11,974	5,321	-	22,617
Due from other Funds	-	-	255,343	-	255,343
Deposits	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 123,053</b>	<b>\$ 34,947</b>	<b>\$ 262,064</b>	<b>\$ 15,026</b>	<b>\$ 435,090</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 5,223	\$ 4,146	\$ -	\$ 1,769	\$ 11,138
Due to other funds	29,543	33,030	-	13,895	76,468
<b>Total Liabilities</b>	<b>34,766</b>	<b>37,176</b>	<b>-</b>	<b>15,664</b>	<b>87,606</b>
<b>Fund Balances</b>					
Assigned	88,287	(2,229)	262,064	(638)	347,484
<b>Total Fund Balances</b>	<b>88,287</b>	<b>(2,229)</b>	<b>262,064</b>	<b>(638)</b>	<b>347,484</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 123,053</b>	<b>\$ 34,947</b>	<b>\$ 262,064</b>	<b>\$ 15,026</b>	<b>\$ 435,090</b>

TOWN OF HOMER

Combining Statement of Program Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended June 30, 2013

	<u>Fire</u>	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Totals</u>
<u>REVENUES</u>					
Taxes	\$ 46,535	\$104,705	\$ 46,535	\$15,000	\$212,775
Intergovernmental	25,000	-	-	-	25,000
Charges for services	250	-	-	-	250
Other Revenues	464	3,354	46	21	3,885
Total Revenues	72,249	108,059	46,581	15,021	241,910
<u>EXPENDITURES</u>					
Current:	-	-	-	-	-
General government	-	-	-	-	-
Public Safety	60,486	-	-	-	60,486
Culture & Recreation	-	65,681	-	-	65,681
Economic Development	-	-	-	15,257	15,257
Total Expenditures	60,486	65,681	-	15,257	141,424
Excess (deficiency) of revenues over expenditures	11,763	42,378	46,581	(236)	100,486
<u>OTHER FINANCING SERVICES (USES)</u>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(10,000)	-	(10,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	11,763	42,378	36,581	(236)	90,486
<u>FUND BALANCES</u>					
Beginning of year	76,524	(44,607)	225,483	(402)	256,998
End of year	\$ 88,287	\$ (2,229)	\$ 262,064	\$ (638)	\$347,484

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

YEAR ENDED DECEMBER 31, 2013

Alicia Smith, Mayor	\$ 50,000
Patricia Jenkins	5,000
Don McCalman	5,000
Michael J. Wade	5,000
Linda Mozeke	5,000
Carlette Sanford	<u>5,000</u>
Total	<u>\$ 75,000</u>



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Mayor and Board of Selectmen  
Homer, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Homer, Louisiana, as of and for the year ended December 31, 2013 and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated May 8, 2014.

#### Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation 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 Town's financial statements will not be prevented, or detected 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify four deficiencies in internal control described in the accompanying schedule of findings that I consider to be material weaknesses in internal control as indicated by Findings #2013-1, #2012-2, #2012-3 and #2013-4.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Homer, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

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provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and are reported in the accompanying schedule of findings as Findings # 2013-5, #2013-6, #2013-7, #2013-8 and #2013-9.

Purpose of this Report

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



Certified Public Accountant

May 8, 2014

Town of Homer, Louisiana

Schedule of Findings

Year Ended December 31, 2013

Summary of Audit Results

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

FINDING 2013-1: Customer utility accounts are not properly reconciled and managed.

CRITERIA:

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

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

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

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

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

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

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

Town of Homer, Louisiana

Schedule of Findings (Continued)

Year Ended December 31, 2013

**FINDING 2013-2:** The Town did not make monthly payments from the General Fund for amounts owed to the Industrial Development Fund.

**CRITERIA:** In prior years, previous administrations improperly transferred funds from the Industrial Development Fund to the General Fund. No amounts were repaid during 2013.

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

**CAUSE:** Management stated general funds were not available in 2013 to make monthly payments to the Industrial Development Fund.

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

**FINDING 2013-3:** Vendor payments are not made on a timely basis.

**CRITERIA:** When vendor payments are not made on a timely basis, the Town is subject to paying late charges. Invoices from contractors were not paid on a timely basis.

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

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

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

**FINDING 2013-4:** The Town is not in compliance with the documentation requirements of its airport grants.

**CRITERIA:** Grant revenue and expenditures are not posted in the general ledger for each grant the Town receives. Requests for payments and contract invoices were not available and had to be obtained from the grantor and contractors. Contractor invoices were not paid on a timely basis.

**EFFECT:** Grant records are not complete for each individual grant.

**CAUSE:** Unknown.

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



**Town of Homer, Louisiana**

**Schedule of Findings (Continued)**

**Year Ended December 31, 2013**

**FINDING 2013-5:** State law provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation. The Town made payments to organizations with a cooperative endeavor agreement in place.

**CRITERIA:** The Town made payments to the following organizations without a cooperative endeavor agreement in place.

Chamber of Commerce	\$9,100
Claiborne Boys & Girls Club	\$7,500
Claiborne Council on Aging	\$1,250
Claiborne Fireworks	\$ 500
Claiborne Parish Jubilee	\$5,639
Homer Baseball Program	\$5,990
Juneteenth Festival	\$1,000
Mayfield Recreation Program	\$3,000

**EFFECT:** The Town could be in violation of Article VII, Section 4 of the Louisiana State Constitution.

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

**RECOMMENDATION:** I recommend that cooperative endeavor agreements be obtained whenever disbursements are made to qualifying organizations. of grants. I recommend invoices from contractors be paid on a timely basis.

**FINDING 2013-6:** Monthly reports to the Municipal Retirement System and the Municipal Police Retirement System were not filed on time nor paid on time for eleven months.

**CRITERIA:** Monthly reports to the Municipal Retirement System and the Municipal Police Retirement System are due on the 10<sup>th</sup> of the month. The Town filed and paid eleven reports late thereby incurring late charges.

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

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

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

**FINDING 2013-7:** Minutes of meetings of the Board of Selectmen were not published on a timely basis.

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

**EFFECT:**

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

**CAUSE:** Unknown.

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

Town of Homer, Louisiana

Schedule of Findings (Continued)

Year Ended December 31, 2013

**FINDING 2013-8:** The Town is not in compliance with the Local Government Budget Act.

**CRITERIA:** Although budgets were amended, actual expenditures exceed budgeted amounts by more than 5% in the General, Streets, Industrial Development, and Police Funds.

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

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

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

**FINDING 2013-9:** Traffic violations were not reported to the Louisiana Department of Public Safety as required by law.

**CRITERIA:** Louisiana State Law requires that all traffic violations, except parking violations, be reported to the Department of Public Safety not later than thirty (30) days after the date of such person's conviction and sentencing or the final disposition of the case. Failure to report these violations to the Department of Public Safety results in inaccuracies in offenders' driving records.

**EFFECT:** The Town is not in compliance with state law.

**CAUSE:** Police employees were unaware of the requirement.

**RECOMMENDATION:** I recommend the Town file the required reports with the Department of Public Safety as required by state law.

TOWN OF HOMER

Corrective Action Taken on Prior Year Findings - Data Collection Form

For the Year Ended December 31, 2013

FINDING 2012-1:

Utility Receivables are Not Properly Reconciled and Managed.

Status: Unresolved.

FINDING 2012-2:

Amounts due to the Industrial Development Fund have not been repaid.

Status: Unresolved.

FINDING 2012-3:

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

Status: Resolved.

FINDING 2012-4:

Documentation for charges to the Town's Visa credit card is inadequate.

Status: Resolved.

FINDING 2012-5:

Vendor payments are not made on a timely basis.

Status: Unresolved.

FINDING 2012-6:

Failure to obtain cooperative endeavor agreements.

Status: Resolved 3/2014.

FINDING 2013-7:

Noncompliance with documentation requirements of grants.

Status: Partially resolved. Unresolved regarding airport grants.

FINDING 2013 -8:

Monthly reports to the Municipal Retirement System and the Police Retirement System are not filed or paid on time.

Status: Unresolved.

TOWN OF HOMER

Corrective Action Taken on Prior Year Findings (Continued)

For the Year Ended December 31, 2013

FINDING 2012-9:

Personnel files are inadequate.

Status: Resolved.

FINDING 2012-10:

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

Status: Resolved.

FINDING 2012-11:

Minutes of meetings of the Board of Selectmen were not published on a timely basis.

Status: Unresolved.

FINDING 2012-12:

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

Status: Unresolved.

FINDING 2012-13:

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

Status: Resolved.

**TOWN OF HOMER**

**ALECIA N. SMITH**  
MAYOR

400 East Main, Homer, LA 71040  
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[www.claiborneone.org](http://www.claiborneone.org)

May 12, 2014

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

Re: Responses to 2013 Audit Schedule Findings  
Year Ended December 31, 2013

Dear Mrs. Millican:

In response to the 2013 audit report, the Town of Homer offers the following responses:

**Response 2013-1**

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

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

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

**Response 2013-2**

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

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

**TOWN OF HOMER**

**ALECIA N. SMITH**  
MAYOR

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**Response 2013-3**

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

**Response 2013-4**

The Town concurs with this finding. In January 2014, the town hired a grant administrator to administrate all grants received by the town.

**Response 2013-5**

Disbursements made to all non-profits organizations were all approved by the town council and budgeted. All of these organizations have longstanding relationships in the town and serve the community well.

The Town's financial manager obtained cooperative endeavor agreements by all eligible organization in March 2014.

**Response 2013-6**

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

**Response 2013-7**

The town will adhere and comply in the future.

**TOWN OF HOMER**

**ALECIA N. SMITH**  
MAYOR

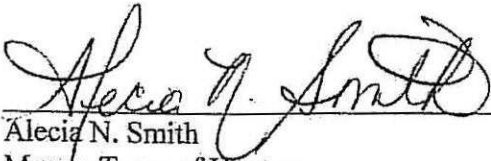
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(318) 927-3555, Fax (318) 927-3399  
[www.claiborneone.org](http://www.claiborneone.org)

**Response 2013-8**

The town will adhere and comply in the future.

**Response 2013-9**

The town will adhere to this and make certain the Police Department complies in the future.



Alecia N. Smith  
Mayor, Town of Homer