



Town of Homer

FINANCIAL STATEMENTS

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, Louisiana (the "Town"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Homer, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions to the Plans, budgetary comparison information on 47 - 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the schedule of compensation paid to Board of Selectmen, and the schedule of compensation, benefits, reimbursements, and other payments to agency head, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of compensation paid to Board of Selectmen, and the schedule of compensation, benefits, reimbursements, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Town's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.
Shreveport, Louisiana
March 9, 2026

TOWN OF HOMER
Basic Financial Statements

Town of Homer
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 316,736	\$ 141,768	\$ 458,504
Cash and cash equivalents - restricted	-	116,858	116,858
Receivables, net of allowance for uncollectibles	309,523	161,667	471,190
Internal balances	773,322	181,527	954,849
Other assets	2,205	-	2,205
Capital assets:			
Capital assets not being depreciated	382,848	128,257	511,105
Capital assets, net of accumulated depreciation	2,475,638	12,040,166	14,515,804
Total assets	<u>4,260,272</u>	<u>12,770,243</u>	<u>17,030,515</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	110,200	9,109	119,309
Total deferred outflows of resources	<u>110,200</u>	<u>9,109</u>	<u>119,309</u>
LIABILITIES			
Accounts payable	377,053	448,684	825,737
Payroll and related liabilities	309,033	-	309,033
Accrued liabilities	116,156	-	116,156
Accrued interest payable	-	32,565	32,565
Internal balances	659,487	295,362	954,849
Due to customers	-	158,543	158,543
Customer deposits payable	-	141,925	141,925
Non-current liabilities:			
Due within one year	-	669,100	669,100
Due in more than one year	72,837	5,935,189	6,008,026
Net pension liability	932,337	103,542	1,035,879
Total liabilities	<u>2,466,903</u>	<u>7,784,910</u>	<u>10,251,813</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	200,509	23,800	224,309
Total deferred inflows of resources	<u>200,509</u>	<u>23,800</u>	<u>224,309</u>
NET POSITION			
Net investment in capital assets	2,785,649	5,564,134	8,349,783
Restricted	125,335	-	125,335
Unrestricted (deficit)	(1,207,924)	(593,492)	(1,801,416)
Total net position (deficit)	<u>\$ 1,703,060</u>	<u>\$ 4,970,642</u>	<u>\$ 6,673,702</u>

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

Town of Homer
Statement of Activities
For the year ended December 31, 2024

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental Activities:						
General government	\$ 767,746	\$ 133,862	214,163	\$ (419,721)	\$ -	\$ (419,721)
Public safety	1,068,257	47,462	187,744	(833,051)	-	(833,051)
Highways and streets	473,003	-	13,320	(459,683)	-	(459,683)
Health and welfare	5,384	-	-	(5,384)	-	(5,384)
Culture and recreation	162,255	-	-	(162,255)	-	(162,255)
Economic development	413,252	10,350	-	(402,902)	-	(402,902)
Interest expense	202,357	-	-	(202,357)	-	(202,357)
Total governmental activities	<u>3,092,254</u>	<u>191,674</u>	<u>415,227</u>	<u>(2,485,353)</u>	<u>-</u>	<u>(2,485,353)</u>
Business-type activities						
Utility operations	2,344,608	1,475,752	-	-	(868,856)	(868,856)
Total business-type activities	<u>2,344,608</u>	<u>1,475,752</u>	<u>-</u>	<u>-</u>	<u>(868,856)</u>	<u>(868,856)</u>
Total primary government	<u>\$ 5,436,862</u>	<u>\$ 1,667,426</u>	<u>\$ 415,227</u>	<u>\$ (2,485,353)</u>	<u>\$ (868,856)</u>	<u>\$ (3,354,209)</u>
General Revenues:						
Taxes:						
Property taxes				113,014	-	113,014
Sales and use taxes				1,604,754	364,696	1,969,450
Franchise taxes				81,488	-	81,488
Other taxes, penalties and interest				138,208	-	138,208
Unrestricted investment earnings				4,541	2,176	6,717
Gain on sale of assets				-	-	-
Other				161,194	3,678	164,872
Transfers, net				107,716	(107,716)	-
Total general revenues and transfers				<u>2,210,915</u>	<u>262,834</u>	<u>2,473,749</u>
Change in net position				(274,438)	(606,022)	(880,460)
Net position at beginning of year				1,977,498	5,576,664	7,554,162
Net position at end of year				<u>\$ 1,703,060</u>	<u>\$ 4,970,642</u>	<u>\$ 6,673,702</u>

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

Town of Homer
Balance Sheet – Governmental Funds
December 31, 2024

	<u>Special Revenue Funds</u>						Total Governmental Funds
	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Police</u>	<u>Fire</u>	<u>Nonmajor</u>	
ASSETS							
Cash and cash equivalents	\$ 74,645	\$ 15,168	\$ 427	\$ 30,848	156,104	\$ 39,544	\$ 316,736
Receivables, net	198,786	40,528	-	42,339	8,711	19,159	309,523
Due from other funds	773,279	43	-	-	-	-	773,322
Other assets	2,205	-	-	-	-	-	2,205
Total assets	<u>\$ 1,048,915</u>	<u>\$ 55,739</u>	<u>\$ 427</u>	<u>\$ 73,187</u>	<u>\$ 164,815</u>	<u>\$ 58,703</u>	<u>\$ 1,401,786</u>
LIABILITIES							
Liabilities:							
Accounts payable	\$ 126,349	\$ 74,391	\$ 42,654	\$ 43,766	\$ 5,678	\$ 62,735	\$ 355,573
Payroll and related liabilities	312,503	-	-	-	-	-	312,503
Accrued liabilities	116,156	13,567	-	-	-	-	129,723
Due to other funds	5,126	161,052	12,068	393,833	33,802	53,606	659,487
Total liabilities	<u>560,134</u>	<u>249,010</u>	<u>54,722</u>	<u>437,599</u>	<u>39,480</u>	<u>116,341</u>	<u>1,457,286</u>
Deferred Inflows - Property taxes	13,209	-	-	-	-	-	13,209
FUND BALANCES							
Restricted fund balances	-	-	-	-	125,335	-	125,335
Unassigned fund balances (deficit)	475,572	(193,271)	(54,295)	(364,412)	-	(57,638)	(194,044)
Total fund balance (deficit)	<u>475,572</u>	<u>(193,271)</u>	<u>(54,295)</u>	<u>(364,412)</u>	<u>125,335</u>	<u>(57,638)</u>	<u>(68,709)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,048,915</u>	<u>\$ 55,739</u>	<u>\$ 427</u>	<u>\$ 73,187</u>	<u>\$ 164,815</u>	<u>\$ 58,703</u>	<u>\$ 1,401,786</u>

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

Town of Homer
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Total Fund balances - governmental funds	\$ (68,709)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net used in governmental activities, net of accumulated depreciation of (\$7,356,396), are not financial resources, therefore, are not reported in the funds.	2,858,486
Unearned revenue from the fund financial statements recognized in the government-wide financial statements	13,209
Deferred items for pension related items are not reported in the fund financial statements:	
Deferred outflows	110,200
Deferred inflows	(200,509)
Accrued interest related to long-term debt is not reported in the fund statements.	(4,443)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Net pension liability	(932,337)
Capital leases	<u>(72,837)</u>
Net position of governmental activities	<u><u>\$ 1,703,060</u></u>

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

Town of Homer

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the year ended December 31, 2024

	<u>Special Revenue Funds</u>						<u>Total Governmental Funds</u>
	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Police</u>	<u>Fire</u>	<u>Nonmajor</u>	
REVENUES							
Taxes:							
Ad valorem	\$ 128,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,839
Sales and use	659,294	263,971	-	409,927	81,717	189,845	1,604,754
Franchise	81,488	-	-	-	-	-	81,488
Other taxes, penalties and interest	100,644	-	-	-	-	37,564	138,208
Licenses and permits fees	111,378	-	-	-	-	-	111,378
Intergovernmental:							
Federal funds	-	-	214,163	-	-	-	214,163
State funds:							
Fire insurance rebate	-	-	-	-	50,000	-	50,000
Supplemental pay	-	-	-	28,550	-	-	28,550
Charges for services	17,874	13,320	-	2,595	60	-	33,849
Fines	-	-	-	22,484	-	-	22,484
Rental income	5,025	-	5,325	-	-	-	10,350
Interest earned	610	118	94	227	1,457	2,035	4,541
Other revenues	157,938	100	-	110,251	-	2,290	270,579
Total revenues	1,263,090	277,509	219,582	574,034	133,234	231,734	2,699,183
EXPENDITURES							
Current:							
General government:							
Legislative	37,800	-	-	-	-	-	37,800
Finance and administrative	411,830	-	-	-	-	-	411,830
Other general government	617,063	-	-	-	-	-	617,063
Public safety:							
Police Department	-	-	-	762,604	-	-	762,604
Fire Department	-	-	-	-	137,460	-	137,460
Highways and streets	-	480,852	-	-	-	-	480,852
Health and welfare	5,383	5,009	-	-	-	-	10,392
Culture and recreation	-	-	-	-	-	157,698	157,698
Economic development	-	-	276,272	-	-	46,004	322,276
Debt service:							
Principal	-	-	-	16,000	-	12,000	28,000
Interest and other charges	-	-	-	1,304	-	1,027	2,331
Total expenditures	1,072,076	485,861	276,272	779,908	137,460	216,729	2,968,306
Excess (deficiency) of revenues over (under) expenditures	191,014	(208,352)	(56,690)	(205,874)	(4,226)	15,005	(269,123)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	274,313	62,078	21,064	58,266	-	4,800	420,521
Operating transfers out	(107,900)	(9,550)	-	(97,400)	-	(97,955)	(312,805)
Total other financing sources and uses	166,413	52,528	21,064	(39,134)	-	(93,155)	107,716
Net change in fund balances	357,427	(155,824)	(35,626)	(245,008)	(4,226)	(78,150)	(161,407)
Fund balances as beginning of year	118,145	(37,447)	(18,669)	(119,404)	129,561	20,512	92,698
Fund balances (deficit) at end of year	\$ 475,572	\$ (193,271)	\$ (54,295)	\$ (364,412)	\$ 125,335	\$ (57,638)	\$ (68,709)

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

Town of Homer

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2024**

Net change in fund balances - total governmental funds	\$ (161,407)
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	-
Depreciation	(216,822)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Revenues deferred in the prior year	(29,034)
Revenues deferred in the current year	13,209
 Payments of long-term debt, including contributions to the retirement systems, are reported as expenditures in governmental funds. However, these amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities.	
Finance purchase payments	30,331
Pension expense	62,352
Contributions to pension plan from third parties	<u>26,933</u>
Change in net position of governmental activities	<u>\$ (274,438)</u>

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

Town of Homer
Statement of Net Position - Proprietary Funds
December 31, 2024

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 141,768
Receivables, net	161,667
Due from other funds	181,527
Total current assets	484,962
Noncurrent Assets:	
Restricted:	
Cash and cash equivalents	116,858
Total restricted assets	116,858
Capital Assets, net	
Total capital assets (net of accumulated depreciation)	12,168,423
Total noncurrent assets	12,285,281
Total assets	12,770,243
DEFERRED OUTFLOWS	
Pension related	9,109
LIABILITIES	
Current Liabilities:	
Accounts payable	448,684
Accrued interest	32,565
Due to other funds	295,362
Due to customers	158,543
Customer deposits payable	141,925
Current portion of Long-term Liabilities	669,100
Total current liabilities	1,746,179
Noncurrent Liabilities:	
Noncurrent portion of Long-term Liabilities	5,935,189
Net pension liability	103,542
Total noncurrent liabilities	6,038,731
Total liabilities	7,784,910
DEFERRED INFLOWS OF RESOURCES	
Pension related	23,800
NET POSITION	
Net investment in capital assets	5,564,134
Restricted	-
Unrestricted net position (deficit)	(593,492)
TOTAL NET POSITION	\$ 4,970,642

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

Town of Homer
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the year ended December 31, 2024

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for sales and services	
Water charges	733,293
Sewer charges	648,970
Garbage charges	93,489
Total charges for sales and services	<u>1,475,752</u>
Sales and use tax	<u>364,696</u>
Total operating revenues	<u>1,840,448</u>
OPERATING EXPENSES	
Depreciation expense	554,935
Insurance expense	98,540
Maintenance and repair	307,767
Materials and supplies	133,829
Operating costs	631,569
Professional fees	44,491
Salaries and related benefits	216,224
Utilities	97,855
Total operating expenses	<u>2,085,210</u>
Operating income (loss)	<u>(244,762)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earned	2,176
Other revenues	3,678
Interest expense	(259,398)
Total nonoperating revenue (expenses)	<u>(253,544)</u>
Income (loss) before transfers	(498,306)
Transfers in	181,000
Transfers out	(288,716)
Net transfers in (out)	<u>(107,716)</u>
Change in net position	<u>(606,022)</u>
Net position at beginning of year	<u>5,576,664</u>
Net position at end of year	<u><u>\$ 4,970,642</u></u>

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

Town of Homer
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2024

	Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,610,140
Receipts from sales taxes	364,696
Payments to suppliers	(1,371,742)
Payments to employees	(207,505)
Net cash provided by operating activities	395,589
 Cash flows from noncapital financing activities:	
Transfer from other funds	181,000
Transfer to other funds	(288,716)
Other receipts	3,674
Net cash provided by noncapital and related financing activities	(104,042)
 Cash flows from capital and related financing activities:	
Purchases of capital assets	(114,927)
Proceeds from sale of capital assets	24,323
Principal paid on capital debt	(124,323)
Interest paid on capital debt	(91,542)
Net cash used by capital and related financing activities	(306,469)
 Cash flows from investing activities:	
Interest received	2,176
Net cash provided by investing activities	2,176
 Net increase (decrease) in cash and cash equivalents	 (12,746)
 Cash and cash equivalents, beginning of year	 271,372
Cash and cash equivalents, end of year	\$ 258,626

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

Town of Homer
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2024

Reconciliation of operating loss to net cash provided by operating activities:	<u>Enterprise Fund</u>
Operating loss	\$ (244,762)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation expense	554,935
Allowance for doubtful accounts	75,982
(Increase) Decrease in	
(Increase) Decrease in accounts receivable	(107,067)
Increase (Decrease) in	
Increase (decrease) in accounts payable	(57,691)
Increase (decrease) in due to customers	158,543
Increase (decrease) in customer deposits	6,930
Increase (decrease) in net pension liabilities	8,719
Total adjustments	<u>640,351</u>
Net cash provided by operating activities	<u><u>\$ 395,589</u></u>

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary fund as of and for the year ended December 31, 2024.

Reporting Entity

The Town is a municipal corporation governed by an elected mayor and five-member governing council of Selectmen. The accompanying basic financial statements of the Town of Homer have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units as prescribed by the Government Accounting Standards Board (GASB). The more significant accounting policies used by The Town are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate The Town's enterprise funds. Separate financial statements are provided for governmental funds, and proprietary funds.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

The *Streets Fund* is used to account for a sales tax levied for the purpose of maintaining streets.

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

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

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

The Town reports the following major proprietary fund:

The *Enterprise Fund* accounts for the activities of the operations of the water and sewer system, and garbage services for the Town.

Additionally, the Town reports the following non-major governmental funds: Recreation, Contingency, and Tourism.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and special revenue funds and debt service fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year. While all appropriations and lapse at year end, valid outstanding performance obligations are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of Expenditures over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the Fire, Recreation, and Enterprise funds resulting in budget violations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied by the Town in September or October, are actually billed in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. Property taxes are collected by the Sheriff using the assessed value determined by the assessor of Claiborne Parish.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Interfund Activities and Transactions (continued)

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

Restricted Assets

Certain assets of the Town are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Bond debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds obligations.

Customer deposits – Funds generated for meter deposits in the enterprise fund are held until services are no longer rendered or released from restriction.

Capital Assets

Capital assets, which include property, plant, equipment, right-to-use lease assets, and infrastructure assets (e.g., water systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee of leased property. They are depreciated principally using the straight-line method with an estimated useful life typically between 10 to 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the terms of the lease. Construction in progress is not depreciated.

Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Capital Assets (continued)

Infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer system, dams, and lighting systems. Infrastructure is depreciated using the straight-line method with an estimated useful life of 40 years.

Donated capital assets are recorded at their estimated fair value at the date of donation.

Deferred Outflows/Inflows of Resources

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

The Town has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, are reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASBC Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are expensed during the current period. The face amount of debt issued, and repayments are reported as other financing sources. Premiums received on debt issuances and discounts on debt issuances are reported as other financing uses.

Finance purchases

Finance purchases that provide the Town with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a capital asset with a related finance purchase liability. The finance purchase liability is recorded at the present value of future payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. These assets are amortized over the shorter of the useful life of the asset or the payment term. The finance purchase liability is reduced for lease payments made, less the interest portion of the lease payment.

Pensions

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

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes The Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is The Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Categories and Classification of Net Position and Fund Balance (continued)

Fund balance flow assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is The Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

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

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on real property and are levied in September or October, and billed in November or December. The billings are considered past due on January 1, at which time the applicable property is subject to lien, and penalties and interest are assessed. Property taxes are collected by the Claiborne Parish Sheriff's Office using the assessor of Claiborne Parish.

Proprietary funds operating and nonoperating revenues and expenses – 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. The principal operating revenues are charges to customers for sales and services. 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.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 9, 2026. See Note 15 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). There were no significant impacts of implementing this Statement.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Pronouncements Issued But Not Yet Effective

GASB Statement No.102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No.103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No.104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

Note 2: GOING CONCERN AND MANAGEMENT’S PLANS

During the fiscal year ended December 31, 2024, the Town of Homer experienced cash-flow issues from lack of oversight and poor fiscal management resulting in its failure to properly remit payroll taxes, retirement plan payments and make timely bond payments for the outstanding revenue related bonds.

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

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

Current projections for the calendar year 2025 show that the net revenues of the System will be insufficient to service the System’s debt. As of the date of this report, the Fiscal Administrator has been successful in restructuring the bond payments for 2023 and 2024 to Capital One, Louisiana Department of Health, and Louisiana Department of Environmental Quality and utilize an escrow agent to make monthly payments to ensure that enough funds are available to make necessary bond payments. Monthly payments are also required to be paid to the escrow agent for the required bond reserve accounts for the Louisiana Department of Health and Louisiana Department of Environmental Quality bond issues. The Fiscal Administrator had a rate study performed by the Louisiana Rural Water Association and implemented their recommended rates to increase revenues of the System. The recommended rates went into effect November 1, 2024.

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

Note 3: CASH AND CASH EQUIVALENTS

Deposits and Investments

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

Town of Homer
Notes to Financial Statements

Note 3: CASH AND CASH EQUIVALENTS (Continued)

Deposits and Investments (continued)

At December 31, 2024, the Town has cash and cash equivalents as follows:

	Town Book Balances	Bank Balances
Cash on deposit	\$ 574,862	\$ 612,470
Petty cash	500	-
Total cash and cash equivalents	\$ 575,362	\$ 612,470
Federal Depository Insurance Coverage		\$ 250,000
Pledged Securities		499,351
Total collateral for deposits		\$ 749,351

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits.

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Town has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Town of Homer
Notes to Financial Statements

Note 4: RECEIVABLES

The accounts receivable and allowance for uncollectible accounts at December 31, 2024, were as follows:

	Taxes and Licenses	Accounts Receivable, net	Intergovernmental	Net Receivables
General Fund	\$ 198,786	\$ -	\$ -	\$ 198,786
Street Fund	37,228	-	3,300	40,528
Police Fund	42,339	-	-	42,339
Fire Fund	8,711	-	-	8,711
Non-major funds	19,159	-	-	19,159
Total governmental activities	306,223	-	3,300	309,523
Enterprise Fund	33,497	128,170	-	161,667
Total	\$ 339,720	\$ 128,170	\$ 3,300	\$ 471,190

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of December 31, 2024.

The accounts receivable of the enterprise fund is made up of \$768,843 in outstanding receivables with an allowance for doubtful accounts of \$640,673.

There are no other reserves for receivables recorded by The Town as of December 31, 2024.

Town of Homer
Notes to Financial Statements

Note 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities during the year ended December 31, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 178,313	\$ -	\$ -	\$ 178,313
Construction in progress	204,535	-	-	204,535
Total capital assets not being depreciated	<u>382,848</u>	<u>-</u>	<u>-</u>	<u>382,848</u>
Capital assets being depreciated:				
Infrastructure	3,330,717	-	-	3,330,717
Land improvements	4,084,458	-	-	4,084,458
Buildings	971,033	-	-	971,033
Building improvements	324,784	-	-	324,784
Furniture and equipment	687,226	-	-	687,226
Vehicles	650,639	-	-	650,639
Total capital assets being depreciated	<u>10,048,857</u>	<u>-</u>	<u>-</u>	<u>10,048,857</u>
Less accumulated depreciation for:				
Infrastructure	2,790,117	38,660	-	2,828,777
Land improvements	2,477,243	90,151	-	2,567,394
Buildings	791,944	13,694	-	805,638
Building improvements	169,187	12,953	-	182,140
Furniture and equipment	546,999	34,643	-	581,642
Vehicles	580,907	26,721	-	607,628
Total accumulated depreciation	<u>7,356,397</u>	<u>216,822</u>	<u>-</u>	<u>7,573,219</u>
Total capital assets being depreciated, net	<u>2,692,460</u>	<u>(216,822)</u>	<u>-</u>	<u>2,475,638</u>
Governmental activities, capital assets, net	<u>\$ 3,075,308</u>	<u>\$ (216,822)</u>	<u>\$ -</u>	<u>\$ 2,858,486</u>
Governmental activities:				
General government				\$ 14,201
Public safety				47,173
Highways and streets				41,887
Culture and recreation				19,634
Economic development				93,927
Total depreciation expense				<u>\$ 216,822</u>

Town of Homer
Notes to Financial Statements

Note 5: CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for business-type activities during the year ended December 31, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 13,330	\$ -	\$ -	\$ 13,330
Construction in progress	-	114,927	-	114,927
Total capital assets not being depreciated	<u>13,330</u>	<u>114,927</u>	<u>-</u>	<u>128,257</u>
Capital assets being depreciated:				
Infrastructure	22,671,764	-	-	22,671,764
Buildings	127,367	-	-	127,367
Furniture and equipment	146,345	-	-	146,345
Vehicles	227,341	-	-	227,341
Total capital assets being depreciated	<u>23,172,817</u>	<u>-</u>	<u>-</u>	<u>23,172,817</u>
Less accumulated depreciation for:				
Infrastructure	10,112,550	542,942	-	10,655,492
Buildings	127,367	-	-	127,367
Furniture and equipment	118,584	4,624	-	123,208
Vehicles	219,215	7,369	-	226,584
Total accumulated depreciation	<u>10,577,716</u>	<u>554,935</u>	<u>-</u>	<u>11,132,651</u>
Total capital assets being depreciated, net	<u>12,595,101</u>	<u>(554,935)</u>	<u>-</u>	<u>12,040,166</u>
Business-type activities, capital assets, net	<u>\$12,608,431</u>	<u>(\$440,008)</u>	<u>\$ -</u>	<u>\$ 12,168,423</u>

Depreciation expense of \$554,935 was charged to utility operations for business-type activities on the statement of activities and for the year ended December 31, 2024.

Town of Homer Notes to Financial Statements

Note 6: LONG-TERM OBLIGATIONS

The following is a summary of governmental activities and business-type activities long-term obligations as of and for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases	\$ 103,167	\$ -	\$ (30,330)	\$ 72,837	\$ -
Net pension liability	1,320,434	-	(388,097)	932,337	-
Total governmental activities	<u>\$ 1,423,601</u>	<u>\$ -</u>	<u>\$ (418,427)</u>	<u>\$ 1,005,174</u>	<u>\$ -</u>
Business-type activities:					
Revenue Bonds - 2013 Issue	\$ 1,450,000	\$ -	\$ (110,000)	\$ 1,340,000	\$ 225,000
LDEQ Revolving Loan	1,470,999	-	-	1,470,999	140,000
LDHH Revolving Loan	1,705,042	144,293	-	1,849,335	225,000
Utility Revenue Notes, Series 2018 (USDA)	1,943,955	-	-	1,943,955	79,100
Net pension liability	138,242	-	(34,700)	103,542	-
Total business-type activities	<u>\$ 6,708,238</u>	<u>\$ 144,293</u>	<u>\$ (144,700)</u>	<u>\$ 6,707,831</u>	<u>\$ 669,100</u>

In 2013, the Town issued \$2,280,000 in Sewer revenue Bonds with an interest rate of 3.25%. The funds have a maturity of over a 20-year period with annual installments ranging from approximately \$69,000 to \$158,000. As of December 31, 2024, the outstanding balance of the Series 2013 bonds was \$1,340,000.

In 2013, the Town entered into a loan agreement with the Louisiana Department of Environmental Quality to fund system improvements not to exceed \$3,500,000. The loan bears interest at 0.45%. As of December 31, 2024, the outstanding balance of the LDEQ Revolving Loan was \$1,470,999.

In 2015, the Town entered into a loan agreement with the Louisiana Department of Health and Human Services not to exceed \$3,600,000. The loan bears interest at 2.95%. As of December 31, 2024, the outstanding balance of the LDHH Revolving Loan was \$1,849,335.

In 2018, the Town entered into a loan agreement with the United States Department of Agriculture not to exceed \$1,995,000. The loan is to be paid off over 40 years bearing an interest rate of 3.49%. As of December 31, 2024, the outstanding balance of the USDA Revenue Notes was \$1,943,955.

The purpose of the bonds and loans were to fund system improvements for the Town.

Town of Homer
Notes to Financial Statements

Note 6: LONG-TERM OBLIGATIONS (Continued)

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

Principle Requirements	2013		LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
	Financed Purchases	Revenue Bonds				
2025	\$ 24,348	\$ 130,303	\$ 140,000	\$ 117,000	\$ 79,100	\$ 490,751
2026	24,609	134,602	142,000	132,000	41,038	474,249
2027	23,880	139,041	143,000	136,000	41,649	483,570
2028	-	143,629	145,000	142,000	42,270	472,899
2029	-	148,368	146,000	147,000	42,899	484,267
2030-2034	-	644,057	754,999	810,000	224,274	2,433,330
2035-2040	-	-	-	365,335	241,482	606,817
2040-2044	-	-	-	-	260,011	260,011
2045-2049	-	-	-	-	279,961	279,961
2050-2054	-	-	-	-	301,442	301,442
2055-2059	-	-	-	-	324,572	324,572
2060-2064	-	-	-	-	65,257	65,257
Total	\$ 72,837	\$ 1,340,000	\$ 1,470,999	\$ 1,849,335	\$ 1,943,955	\$ 6,677,126

Interest Requirements	2013		LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
	Financed Purchases	Revenue Bonds				
2025	2,174	39,813	6,198	43,720	27,316	119,221
2026	1,080	35,913	5,626	40,180	26,714	109,513
2027	-	31,850	5,050	36,493	26,103	99,496
2028	-	27,788	4,470	32,658	25,482	90,398
2029	-	23,563	3,884	28,675	24,853	80,975
2030-2034	-	48,751	9,570	78,476	114,486	251,283
2035-2040	-	-	-	1,683	97,278	98,961
2040-2044	-	-	-	-	78,749	78,749
2045-2049	-	-	-	-	58,799	58,799
2050-2054	-	-	-	-	37,318	37,318
2055-2059	-	-	-	-	14,272	14,272
2060-2064	-	-	-	-	988	988
Total	\$ 3,254	\$ 207,678	\$ 34,798	\$ 261,885	\$ 532,358	\$ 1,039,973

Total Future Debt Requirements	2013		LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
	Financed Purchases	Revenue Bonds				
2025	26,522	170,116	146,198	160,720	106,416	609,972
2026	25,689	170,515	147,626	172,180	67,752	583,762
2027	23,880	170,891	148,050	172,493	67,752	583,066
2028	-	171,417	149,470	174,658	67,752	563,297
2029	-	171,931	149,884	175,675	67,752	565,242
2030-2034	-	692,808	764,569	888,476	338,760	2,684,613
2035-2040	-	-	-	367,018	338,760	705,778
2040-2044	-	-	-	-	338,760	338,760
2045-2049	-	-	-	-	338,760	338,760
2050-2054	-	-	-	-	338,760	338,760
2055-2059	-	-	-	-	338,844	338,844
2060-2064	-	-	-	-	66,245	66,245
Total	\$ 76,091	\$ 1,547,678	\$ 1,505,797	\$ 2,111,220	\$ 2,476,313	\$ 7,717,099

Interest expense for governmental and business-type activities for the year ended December 31, 2024, totaled \$9,165 and \$259,398, respectively.

Town of Homer
Notes to Financial Statements

Note 6: LONG-TERM OBLIGATIONS (Continued)

During the year ended December 31, 2024, and subsequent to year end, the Town was not in compliance with debt covenant reserve requirements for outstanding debt. During the year ended December 31, 2023 and 2024, the Town did not make required debt payments of principle and interest for the Louisiana Department of Environmental Quality Loan, Louisiana Department of Health and Hospitals Loan, and Series 2018 Utility Revenue Notes.

Subsequent to year, the Fiscal Administrator was able to renegotiate the outstanding bonds either through extending the payment terms or modifying the debt service requirements for the remaining years. The only terms that were changed was related to the outstanding debt was the extension of the maturity schedule with modified maturities; interest rates were not changed. The Fiscal Administrator is implementing plans to ensure the Town becomes compliant during the year ending December 31, 2025.

Note 7: INTERFUND BALANCES AND TRANSFERS

As of December 31, 2024, the Town had the following interfund balances:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
Governmental Activities:		
General	\$ 773,279	\$ 5,126
Street	43	161,052
Industrial Development	-	12,068
Police	-	393,833
Fire	-	33,802
Nonmajor governmental funds:		
Recreation	-	17,037
Tourism	-	36,569
Total governmental activities	\$ 773,322	\$ 659,487
Business-type Activities:		
Enterprise	\$ 181,527	\$ 295,362

Town of Homer
Notes to Financial Statements

Note 7: INTERFUND BALANCES AND TRANSFERS (Continued)

The composition of interfund transfers for the year ended December 31, 2024, is as follows:

Fund	Transfers in	Transfers out	Net transfers
Governmental Activities:			
General	\$ 274,313	\$ 107,900	\$ 166,413
Street	62,078	9,550	52,528
Industrial Development	21,064	-	21,064
Police	58,266	97,400	(39,134)
Nonmajor governmental funds:			
Recreation	800	13,507	(12,707)
Contingency	-	64,448	(64,448)
Tourism	4,000	20,000	(16,000)
Total governmental activities	\$ 420,521	\$ 312,805	\$ 107,716
Business-type Activities:			
Enterprise	\$ 181,000	\$ 288,716	\$ (107,716)

Note 8: FUND BALANCE AND NET POSITION

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

Note 9: RETIREMENT PLANS

The Town participates in two state-level retirement plans: Municipal Employees' Retirement System of Louisiana and Municipal Police Employees' Retirement System of Louisiana.

Municipal Employees' Retirement System of Louisiana

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

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

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

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

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

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

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

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2023, the actual employer contribution rate was 29.50% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, MERSLA receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

Contributions (continued)

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town to MERSLA monthly. The Town's contributions to MERSLA under Plan A for the year ended December 31, 2024, were \$91,607.

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

Net pension liability at December 31, 2024, is comprised of the Town's proportionate share of the net pension liability relating to MERSLA. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The Town's proportion of the net pension liability for MERSLA was based on the Town's required contributions in proportion to the total required contributions for all participating employers, actuarially determined.

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

Proportion (amount) of net pension liability	\$	545,066
Proportion (%) of net pension liability		0.193698%
Increase / decrease from prior measurement date		-0.04009%
		<u>Proportionate Share</u>
Total Pension Liability	\$	2,601,428
Plan Fiduciary Net Position		2,056,362
Total Collective Net Pension Liability	<u>\$</u>	<u>545,066</u>

For the year ended December 31, 2024, the Town recognized pension (benefit) expense of (\$38,642).

Town of Homer
Notes to Financial Statements

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in investment earnings	\$ 7,339	\$ -
Change of assumptions	-	(3,217)
Change in proportion and difference in contributions	549	(104,029)
Change in experience	-	(18,042)
Employer contributions	40,064	-
Total	<u>\$ 47,952</u>	<u>\$ (125,288)</u>

Town contributions subsequent to the measurement date of \$40,064 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2025	\$ (76,731)
2026	\$ (8,428)
2027	\$ (18,711)
2028	\$ (13,530)

Actuarial Methods and Assumptions

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2023. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.850%, net of investment expense
Inflation Rate	2.5%
Salary Increases	Vary from 9.0% in the first two years of service to 4.4% after 2 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	PubG-2010(B) Healthy Retiree Table for annuitants and beneficiaries and employees. PubNS-2010(B) Disabled Retiree Table with the full generational MP2018 scale.

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

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

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2024.

	1% Decrease 5.850%	Current Discount Rate 6.850%	1% Increase 7.850%
Net pension liability	\$ 820,789	\$ 545,066	\$ 312,308

Municipal Police Employees' Retirement System of Louisiana

Plan Description

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

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

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

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

Hazardous Duty

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

Non-hazardous Duty

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

The benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. MPERS also provides death and disability benefits. Benefits are established or amended by state statute.

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

Contributions

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. MPERS employee members hired prior to January 1, 2013, contributed 10.0% of earned compensation of the year ended December 31, 2024. For the same members, employer contributions were 32.25%. All employees hired on or after January 1, 2013, become members of either the Hazardous Duty Sub-plan, or the Non-hazardous Duty Sub-plan. Employee and employer contribution rates for the Hazardous Duty Sub-plan are the same as for those hired prior to January 1, 2013. For employees belonging to the Non-hazardous Duty Sub-plan, the contribution rate was 8.0%, and the employer rate was 32.25%. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The Town's contribution to MPERS for the year ended December 31, 2024, was \$61,867.

Non-employer contributions are recognized as revenue during the year ended December 31, 2024, and were excluded from pension expense. Non-employer contributions received by the System for the Town during the plan year ended June 30, 2024, were \$14,091.

Town of Homer
Notes to Financial Statements

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

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

Proportion (amount) of net pension liability	\$	490,814
Proportion (%) of net pension liability		0.054174%
 Increase / decrease from prior measurement date		 -0.00302%
		 <u>Proportionate Share</u>
Total Pension Liability	\$	2,031,535
Plan Fiduciary Net Position		<u>1,540,721</u>
Total Collective Net Pension Liability	\$	<u><u>490,814</u></u>

For the year ended December 31, 2024, the Town recognized pension (benefit) expense of \$(11,559). At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in investment earnings	\$ 13,644	\$ -
Change of assumptions	-	-
Change in proportion and difference in contributions	2,981	(84,174)
Change in experience	26,574	(14,847)
Employer contributions	28,158	-
Total	<u>\$ 71,357</u>	<u>\$ (99,021)</u>

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Town contributions subsequent to the measurement date of \$28,158 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2025	\$ (50,855)
2026	\$ 25,764
2027	\$ (22,134)
2028	\$ (8,597)

Actuarial Methods and Assumptions

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2023. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2024 - 4 years
	2023 - 4 years
	2022 - 4 years
	2021 - 4 years
Investment Rate of Return	6.750%, net of investment expense
Inflation Rate	2.5%
Salary Increases	Vary from 12.30% in the first two years of service to 4.70% after 2 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using MP 2019 scale was used for employees, annuitant and beneficiaries, and disabled annuitants.

Town of Homer
Notes to Financial Statements

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

Actuarial Methods and Assumptions (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rates of Return</u> <u>Long Term Expected</u> <u>Portfolio Real Rate</u> <u>of Return</u>
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternatives	14.00%	1.03%
System Total	<u>100.00%</u>	<u>5.24%</u>
Inflation		<u>2.62%</u>
Expected nominal return		<u>7.86%</u>

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2024.

	<u>1% Decrease</u> <u>5.750%</u>	<u>Current</u> <u>Discount Rate</u> <u>6.750%</u>	<u>1% Increase</u> <u>7.750%</u>
Net pension liability	\$ 729,092	\$ 490,814	\$ 291,898

Town of Homer
Notes to Financial Statements

Note 10: ON-BEHALF PAYMENTS

Certain employees in the Town’s police department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues and related expenditures under this arrangement totaled \$28,550 and are included in the Police Fund.

Note 11: COMMITMENTS AND CONTINGENCIES

At December 31, 2024, the Town is involved in several lawsuits which are being handled by the Town Attorney and attorneys retained by the Town’s insurance company. The suits are in various stages in the court systems. Legal counsel did not estimate potential liability. Management expects any losses to be covered by insurance. There was a court settlement that occurred subsequent to year end in the amount of \$115,756 related to a construction lawsuit. The amount included settlement, penalties and interest and is accrued on the financial statements for the enterprise fund as of December 31, 2024, under accounts payable.

The Louisiana Legislative Auditor started an investigation subsequent to year end of the Town of Homer’s finances. The investigation is an ongoing matter and has not been finalized by the issuance of this report. The Town is currently not aware of the impact on the financial statements at this time.

Note 12: RISK MANAGEMENT

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

Note 13: STEWARDSHIP

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

Fund	Final Budget	Actual	Unfavorable Variance
Fire	\$ 91,333	\$ 137,460	\$ (46,127)
Recreation	\$ 159,108	\$ 170,725	\$ (11,617)
Enterprise	\$ 1,754,131	\$ 2,633,325	\$ (879,194)

Note 14: FUND BALANCE

The Street Fund, Industrial Development Fund, Police Fund, Recreation Fund and Tourism Fund had deficit balances of \$193,271, \$54,295, \$364,412, \$49,569, and \$23,806, respectively, as of December 31, 2024. These fund deficits will be satisfied with future revenues of the fund and/or through transfers from the General Fund.

Note 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2026, the date on which the financial statements were available to be issued.

The outstanding long-term obligations for the Louisiana Department of Environmental Quality Loan, the Louisiana Department of Health and Human Services Loan and the Utility Revenue Notes – Series 2018, as discussed in Note 6, were renegotiated by the Fiscal Administrator to provide an opportunity for the Town to become compliant with necessary requirements.

In May 2025, a settlement occurred related to a construction lawsuit that is accrued in the financial statements as discussed in Note 11.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Homer
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,114,213	\$ 1,114,213	\$ 970,265	\$ (143,948)
Licenses and permits	75,000	75,000	111,378	36,378
Intergovernmental revenues	26,000	26,000	-	(26,000)
Charges for services	1,000	1,000	17,874	16,874
Lease income	7,000	7,000	5,025	(1,975)
Interest earned	50,000	50,000	610	(49,390)
Other revenues	25,363	25,363	157,938	132,575
Total revenues	1,298,576	1,298,576	1,263,090	(35,486)
Expenditures:				
Current:				
General government				
Legislative	37,800	37,800	37,800	-
Finance and administrative	-	-	411,830	(411,830)
Other general government	887,672	887,672	480,533	407,139
Public safety	-	-	136,530	(136,530)
Health and welfare	-	-	5,383	(5,383)
Culture and recreation	4,000	4,000	-	4,000
Economic development	-	-	-	-
Total expenditures	929,472	929,472	1,072,076	(142,604)
 Excess (deficiency) of revenues over expenditures	 369,104	 369,104	 191,014	 (178,090)
 Other sources (uses):				
Operating transfers in	-	-	274,313	274,313
Operating transfers out	(338,500)	(338,500)	(107,900)	230,600
Total other sources (uses)	(338,500)	(338,500)	166,413	504,913
 Net change in fund balance	 30,604	 30,604	 357,427	 326,823
Fund balance at beginning of year	118,145	118,145	118,145	-
Fund balance at end of year	\$ 148,749	\$ 148,749	\$ 475,572	\$ 326,823

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

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Homer
Budgetary Comparison Schedule – Police Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 456,977	\$ 456,977	\$ 438,477	\$ (18,500)
Charges for services	40,280	40,280	2,595	(37,685)
Fines	7,000	7,000	22,484	15,484
Interest earned	100	100	227	127
Other revenues	19,000	19,000	110,251	91,251
Total revenues	523,357	523,357	574,034	50,677
Expenditures:				
Current				
Public Safety:				
Police Department	818,724	818,724	762,604	56,120
Debt service				
Principal	-	-	16,000	(16,000)
Interest	-	-	1,304	(1,304)
Total expenditures	818,724	818,724	779,908	38,816
 Excess (deficiency) of revenues over expenditures	 (295,367)	 (295,367)	 (205,874)	 89,493
 Other sources (uses):				
Operating transfers in	315,000	315,000	58,266	(256,734)
Operating transfers out	-	-	(97,400)	-
Total other sources (uses)	315,000	315,000	(39,134)	(256,734)
 Net change in fund balance	 19,633	 19,633	 (245,008)	 (167,241)
Fund balance at beginning of year	(119,404)	(119,404)	(119,404)	-
Fund balance at end of year	\$ (99,771)	\$ (99,771)	\$ (364,412)	\$ (167,241)

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Homer
Budgetary Comparison Schedule – Street Fund
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Intergovernmental revenues	\$ 284,590	\$ 284,590	\$ 263,971	\$ (20,619)
Interest earned	100	100	118	18
Charges for services	11,800	11,800	13,320	1,520
Other revenues	39,700	39,700	100	(39,600)
Total revenues	<u>336,190</u>	<u>336,190</u>	<u>277,509</u>	<u>(58,681)</u>
Expenditures:				
Current:				
Highways and streets	475,660	475,660	480,852	(5,192)
Health and welfare	-	-	5,009	(5,009)
Capital outlay	35,000	25,000	-	25,000
Total expenditures	<u>510,660</u>	<u>500,660</u>	<u>485,861</u>	<u>14,799</u>
 Excess (deficiency) of revenues over expenditures	 <u>(174,470)</u>	 <u>(164,470)</u>	 <u>(208,352)</u>	 <u>(73,480)</u>
 Other sources (uses):				
Operating transfers in	176,000	176,000	62,078	(113,922)
Operating transfers out	-	-	(9,550)	
Total other sources (uses)	<u>176,000</u>	<u>176,000</u>	<u>52,528</u>	<u>(113,922)</u>
 Net change in fund balance	 1,530	 11,530	 (155,824)	 (187,402)
Fund balance at beginning of year	(37,447)	(37,447)	(37,447)	-
Fund balance at end of year	<u>\$ (35,917)</u>	<u>\$ (25,917)</u>	<u>\$ (193,271)</u>	<u>\$ (187,402)</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Homer

Budgetary Comparison Schedule – Industrial Development Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 214,163	\$ 214,163
Lease income	20,000	20,000	5,325	(14,675)
Interest earned	50	50	94	44
Total revenues	<u>20,050</u>	<u>20,050</u>	<u>219,582</u>	<u>199,532</u>
Expenditures:				
Current:				
Economic development	92,850	92,850	276,272	(183,422)
Total expenditures	<u>92,850</u>	<u>92,850</u>	<u>276,272</u>	<u>(183,422)</u>
Excess (deficiency) of revenues over expenditures	<u>(72,800)</u>	<u>(72,800)</u>	<u>(56,690)</u>	<u>16,110</u>
Other sources (uses):				
Operating transfers in	73,000	73,000	21,064	(51,936)
Operating transfers out	-	-	-	-
Total other sources (uses)	<u>73,000</u>	<u>73,000</u>	<u>21,064</u>	<u>(51,936)</u>
Net change in fund balance	200	200	(35,626)	(35,826)
Fund balance at beginning of year	<u>(18,669)</u>	<u>(18,669)</u>	<u>(18,669)</u>	<u>-</u>
Fund balance at end of year	<u>(18,469)</u>	<u>(18,469)</u>	<u>(54,295)</u>	<u>(35,826)</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Homer
Budgetary Comparison Schedule – Fire Fund
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 87,173	\$ 87,173	\$ 81,717	\$ (5,456)
Intergovernmental revenues: State	-	-	50,000	50,000
Interest earned	874	874	1,457	583
Other revenues	25,100	25,100	60	(25,040)
Total revenues	<u>113,147</u>	<u>113,147</u>	<u>133,234</u>	<u>20,087</u>
Expenditures:				
Public safety	81,333	81,333	137,460	(56,127)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>91,333</u>	<u>91,333</u>	<u>137,460</u>	<u>(46,127)</u>
Excess (deficiency) of revenues over expenditures	<u>21,814</u>	<u>21,814</u>	<u>(4,226)</u>	<u>(26,040)</u>
Other sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	21,814	21,814	(4,226)	(26,040)
Fund balance at beginning of year	129,561	129,561	129,561	-
Fund balance at end of year	<u>\$ 151,375</u>	<u>\$ 151,375</u>	<u>\$ 125,335</u>	<u>\$ (26,040)</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

Town of Homer

Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) The Town Treasurer and Mayor prepares a proposed budget for the next succeeding fiscal year and submits it to the council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
- d) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.
- e) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

Town of Homer

Schedule of Employer's Proportionate Share of the Net Pension Liability
December 31, 2024

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana					
2024	0.193698%	\$ 545,066	\$ 479,837	113.59%	79.05%
2023	0.233786%	\$ 854,456	\$ 559,053	152.84%	72.46%
2022	0.246222%	\$ 1,022,618	\$ 588,887	173.65%	64.26%
2021	0.214197%	\$ 595,789	\$ 742,130	80.28%	64.26%
2020	0.189716%	\$ 820,220	\$ 599,899	136.73%	64.52%
2019	0.132815%	\$ 554,989	\$ 538,443	103.07%	64.68%
2018	0.096060%	\$ 397,754	\$ 491,922	80.86%	63.94%
2017	0.094659%	\$ 395,999	\$ 492,063	80.48%	62.49%
2016	0.109265%	\$ 447,846	\$ 507,542	88.24%	62.11%
2015	0.115336%	\$ 411,998	\$ 533,229	77.26%	66.18%
Municipal Police Employees' Retirement System					
2024	0.054174%	\$ 490,814	\$ 239,415	205.01%	75.84%
2023	0.057191%	\$ 604,221	\$ 271,700	222.39%	71.30%
2022	0.063081%	\$ 644,799	\$ 254,803	253.06%	70.80%
2021	0.079696%	\$ 424,824	\$ 433,986	97.89%	84.09%
2020	0.074718%	\$ 690,568	\$ 470,815	146.68%	70.95%
2019	0.091785%	\$ 833,562	\$ 485,851	171.57%	71.01%
2018	0.085106%	\$ 719,491	\$ 408,662	176.06%	71.89%
2017	0.108586%	\$ 948,002	\$ 397,754	238.34%	70.08%
2016	0.075859%	\$ 711,013	\$ 372,838	190.70%	66.04%
2015	0.065685%	\$ 514,573	\$ 343,753	149.69%	66.04%

* The amounts presented have a measurement date of June 30

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

Town of Homer
Schedule of Employer Contributions to the Plans
For the Year Ended December 31, 2024

Year *	Contractually Required Contributions	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana					
2024	\$ 116,403	\$ 116,403	\$ -	\$ 479,837	24.26%
2023	\$ 138,615	\$ 138,615	\$ -	\$ 559,053	24.79%
2022	\$ 139,209	\$ 139,209	\$ -	\$ 588,887	23.64%
2021	\$ 126,656	\$ 126,656	\$ -	\$ 742,130	17.07%
2020	\$ 101,665	\$ 101,665	\$ -	\$ 599,899	16.95%
2019	\$ 65,008	\$ 65,008	\$ -	\$ 538,443	12.07%
2018	\$ 43,598	\$ 43,598	\$ -	\$ 491,922	8.86%
2017	\$ 39,265	\$ 39,265	\$ -	\$ 492,063	7.98%
2016	\$ 39,048	\$ 39,048	\$ -	\$ 507,542	7.69%
2015	\$ 39,286	\$ 39,286	\$ -	\$ 533,229	7.37%
Municipal Police Employees' Retirement System					
2024	\$ 64,787	\$ 64,787	\$ -	\$ 239,415	27.06%
2023	\$ 60,544	\$ 60,544	\$ -	\$ 271,700	22.28%
2022	\$ 57,935	\$ 57,935	\$ -	\$ 254,803	22.74%
2021	\$ 82,068	\$ 82,068	\$ -	\$ 433,986	18.91%
2020	\$ 79,091	\$ 79,091	\$ -	\$ 470,815	16.80%
2019	\$ 92,536	\$ 92,536	\$ -	\$ 485,851	19.05%
2018	\$ 77,307	\$ 77,307	\$ -	\$ 408,662	18.92%
2017	\$ 102,991	\$ 102,991	\$ -	\$ 397,754	25.89%
2016	\$ 62,751	\$ 62,751	\$ -	\$ 372,838	16.83%
2015	\$ 55,388	\$ 55,388	\$ -	\$ 343,753	16.11%

* The amounts presented have a measurement date of June 30

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

OTHER SUPPLEMENTARY INFORMATION

Town of Homer
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2024

	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,394	\$ 9,947	\$ 13,203	\$ 39,544
Receivables, net	13,369	5,790	-	19,159
Total assets	<u>\$ 29,763</u>	<u>\$ 15,737</u>	<u>\$ 13,203</u>	<u>\$ 58,703</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 62,295	\$ -	\$ 440	\$ 62,735
Due to other funds	17,037	-	36,569	53,606
Total liabilities	<u>79,332</u>	<u>-</u>	<u>37,009</u>	<u>116,341</u>
Fund balance:				
Restricted fund balances	(49,569)	15,737	(23,806)	(57,638)
Total fund balance:	<u>(49,569)</u>	<u>15,737</u>	<u>(23,806)</u>	<u>(57,638)</u>
Total liabilities and fund balance:	<u>\$ 29,763</u>	<u>\$ 15,737</u>	<u>\$ 13,203</u>	<u>\$ 58,703</u>

Town of Homer
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes:				
Sales and use	\$ 131,500	\$ 58,345	\$ -	\$ 189,845
Other taxes, penalties and interest	-	-	37,564	37,564
Interest earned	132	1,840	63	2,035
Other revenues	2,290	-	-	2,290
Total revenues	<u>133,922</u>	<u>60,185</u>	<u>37,627</u>	<u>231,734</u>
EXPENDITURES				
Current:				
Culture and recreation	157,698	-	-	157,698
Economic development	-	-	46,004	46,004
Debt service:				
Principal	12,000	-	-	12,000
Interest expense	1,027	-	-	1,027
Total expenditures	<u>170,725</u>	<u>-</u>	<u>46,004</u>	<u>216,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,803)</u>	<u>60,185</u>	<u>(8,377)</u>	<u>15,005</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	800	-	4,000	4,800
Operating Transfers out	(13,507)	(64,448)	(20,000)	(97,955)
Total other financing sources and uses	<u>(12,707)</u>	<u>(64,448)</u>	<u>(16,000)</u>	<u>(93,155)</u>
Net change in fund balances	(49,510)	(4,263)	(24,377)	(78,150)
Fund balances at beginning of year	(59)	20,000	571	20,512
Fund balances at end of year	<u>\$ (49,569)</u>	<u>\$ 15,737</u>	<u>\$ (23,806)</u>	<u>\$ (57,638)</u>

Town of Homer
Schedule of Compensation to Board of Selectmen
For the Year Ended December 31, 2024

Verletha Adams	\$ 7,800
Jimmy E. Hand	7,800
Joyce M. Ivory	6,600
Sammy Kirk	7,800
Alonzo Mitchell	7,800
Total	<u>\$ 37,800</u>

Town of Homer
Schedule of Compensation, Benefits, Reimbursements and Other Payments to
or on behalf of Agency Head
For the year ended December 31, 2024

Xanthe Seals, Mayor	
Salary	\$ 52,000
Retirement	14,920
Payroll Taxes	754
Reimbursements	3,135
Travel	50
Total	<u>\$ 70,859</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE LETTERS

**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 Members
Of the Board of Selectmen
Town of Homer, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Homer, Louisiana’s basic financial statements and have issued our report thereon dated March 9, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, 2024-008, 2024-009, and 2024-010 that we consider to be material weaknesses.

Report on Compliance and Other Matters

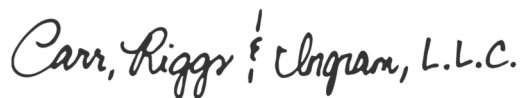
As part of obtaining reasonable assurance about whether the Town of Homer, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-003, 2024-004, 2024-005, and 2024-010.

Town of Homer, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Homer, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Homer, Louisiana's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



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

Shreveport, Louisiana

March 9, 2026

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	Yes

Federal Awards

Not Applicable

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

2024-001 Timely Filing of Audit Report

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

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

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

Effect: Noncompliance with Louisiana Revised Statute 24:513.

Cause: The Town’s audit for the year ended December 31, 2024, did not start until the reporting deadline had passed due to lack of controls and management and executive oversight.

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

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

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

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

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

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

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

Cause: The finding is a result of weaknesses in the control environment, including tone at the top. The Town experienced a lack of staffing, lack of training, and an absence of a comprehensive internal control framework to properly implement internal controls.

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

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

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-003 Tax and Fee Remittances

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

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

Condition: During the audit of the Town of Homer, it was found that the required Louisiana and Federal withholding tax payments for the year were not paid timely. Remittances stopped in August 2023 with remittances not being made until 2024. As of December 31, 2024, \$232,886 in federal withholding and employment taxes were not remitted and \$30,544 in Louisiana withholding taxes were not remitted.

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

Cause: The failure to pay Federal and State withholding taxes timely appears to have been caused by a lack of internal controls over tax compliance, and lack of management and executive oversight.

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

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

2024-004 Bond Payments

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

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

Condition: During the audit of the Town of Homer, it was identified that scheduled bond payments were not made in a timely manner. As of December 31, 2024, the Town was delinquent with three of the four principal and interest payments. Delinquent principal payments amount to \$654,100.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

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

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

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

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

2024-005 Budget Oversight

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

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

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

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

Cause: This finding appears to stem from the absence of formal internal controls lack of management and executive oversight.

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

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

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-006 Payroll documentation

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

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

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

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

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

Questioned Costs: \$13,530 in paid overtime for salaried personnel.

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

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

2024-007 Bank reconciliations

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

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

Condition: During the audit of the Town of Homer, it was identified that bank reconciliations were not prepared accurately or in a timely manner. Several bank reconciliations were delayed in 2024 and not completed until 5-12 months after the period ended.

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

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

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

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

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

2024-008 Retirement Contributions

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

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

Condition: During the audit of the Town of Homer, we identified retirement withholding and matching contributions were not made timely to the plans.

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

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

Recommendation: We recommend the Town of Homer implement formal procedures to ensure retirement contributions are remitted within the appropriate time frame.

2024-009 Health Insurance

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

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

Condition: During the audit of the Town of Homer, the Town paid health insurance premiums for former employees after they were no longer employed by the Town.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Effect: The Town paid for the employee and employer portion of insurance premiums for individuals that are no longer employed by the Town.

Cause: There was a lack of internal controls related to health insurance reconciliations to ensure the Town is paying the proper amounts.

Questioned Costs: Total payments in the amount of \$32,892 were paid. The Town has received \$11,699 in credits from the insurance provider, bringing the net overpayment to \$21,193. No amounts have been received from the former employees.

Recommendation: We recommend the Town of Homer implement formal procedures to ensure health insurance premiums are reconciled to payroll reporting to ensure accuracy.

2024-010 Water and Sewer Billing

Entity-Wide or Program/Department Specific: This finding is related to the Enterprise Fund.

Criteria or Specific Requirement: Sound financial management and internal control practices, as well as the Town's establishing billing practices, require that water and sewer services be billed to residents on a consistent, periodic basis with approved rates to ensure accurate revenue recognition and timely collection.

Condition: During the month of February 2024, the Town could not get accurate meter readings as meters were being replaced for customers. No estimates were made for billing purposes resulting in a loss of revenue. Separately, from April 2024 – September 2024, the Town increased the water and sewer rates for customers without council approval.

Effect: Because customers were not billed for services provided, the Town experienced an estimated loss of revenue of approximately \$100,000. The overbilling of customers for the period from April 2024 – September 2024 resulted in approximately \$160,000 in overbillings.

Cause: For the month of February 2024, the Town did not perform meter reads prior to the replacement of meters. For the period of April 2024 – September 2024, billing rates were changed without approval from the council in a public meeting.

Recommendation: We recommend the Town of Homer implement policies and procedures related to billing practices when meters cannot be read properly and create reasonable estimates based on historical usage to prevent similar occurrences in the future. Related to the overbillings and loss of revenue, we recommend the Town reach out to legal counsel and the Attorney General for an opinion related to the overbillings to determine if the amounts overbilled can be applied to the loss revenue for lack of billings and how to account for the difference.

Exhibit A – Mayor’s Responses to Schedule of Findings and Questioned Cost



Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

Dr. Xanthe Y. Seals, Mayor

February 20, 2026

Carr, Riggs & Ingram, L.L.C.
1000 E. Preston Avenue, Suite 200
Shreveport, Louisiana 71105

Re: Corrective Action Plan for the year ended December 31, 2024

Findings and Responses:

2024-001 Timely Filing of Audit Report

The Town will take the necessary steps to implement a process to ensure that all future audits are submitted to the LA Legislative Auditor in a timely manner. The Town anticipates that the 2025 Audit will be completed by June 30, 2026.

2024-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

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

2024-003 Tax and Fee Remittances

The Town has implemented a scheduled liabilities payment schedule in the system that will alert the Town Treasurer when payments are due to be submitted to tax agencies in a timely manner. State Tax withholding past due remittances have been paid and are being submitted timely. Federal withholding taxes are currently being submitted timely. The Fiscal Administrator is currently in negotiations with the IRS to develop a payment plan for the unpaid past due remittances. In addition, until a resolution is achieved, the Town will continue to make quarterly payments against the outstanding balance.

2024-004 Bond Payments

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

2024-005 Budget Oversight

The Mayor will review the Budget to Actual on a monthly basis. This will ensure the early detection of abnormalities in the budget to actual. The Town has formed a Finance Committee to assist with budget monitoring as well.

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

"This Institution is an Equal Opportunity Employer and Provider"

Exhibit A – Mayor’s Responses to Schedule of Findings and Questioned Cost



Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

Dr. Xanthe Y. Seals, Mayor

2024-006 Payroll documentation

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

2024-007 Bank reconciliations

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

2024-008 Retirement Contributions

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

2024-009 Health Insurance

The Town will implement formal procedures to ensure health insurance is terminated on former employees in a timely manner and health insurance premiums are reconciled to the payroll reporting to ensure accuracy to avoid future overpayments.

2024-010 Water and Sewer Billing

The Town will implement policies and procedures related to billing practices when meters cannot be read properly and create reasonable estimates based on historical usage to prevent any future discrepancies. All future utility billing rate increases will be approved by the Town Council. The Town will consult with legal counsel and obtain an Attorney General opinion related to the overbillings as recommended.

Respectfully,

A handwritten signature in blue ink, appearing to read "Xanthe Y. Seals", with a long horizontal flourish extending to the right.

Dr. Xanthe Y. Seals, Mayor
Town of Homer

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

"This Institution is an Equal Opportunity Employer and Provider"

Exhibit B – Fiscal Administrator’s Responses to Schedule of Findings and Questioned Cost

Shenovia Harris
Interim Town Clerk



Dr. Xanthe Y. Seals, Mayor

February 20, 2026

Carr, Riggs, & Ingram
Certified Public Accountants

Response to Audit Report Findings

Herein are the fiscal administrator’s responses to the 2024 fiscal year audit findings. On July 31, 2024, The 2nd Judicial District Court appointed me as the fiscal administrator for the Town of Homer in accordance with Louisiana Revised Statute 39:1351 – 1356. My responses to the findings presented in your audit report are based on my current knowledge and understanding of what occurred in 2024 and what I have discovered since beginning my work as fiscal administrator on August 7, 2024. The draft report was submitted to Mayor Xanthe Seals and I on February 17, 2026. Mayor Seals is also preparing her response and corrective action plan for the findings.

Findings:

2024-001 Timely Filing of Audit Report

The town has been delinquent each year with audits since the 2018 audit. We anticipated that the 2024 audit would be completed by December 31, 2025, however, the audit report was not complete till February 2026. We will engage an auditor for the 2025 audit and hope to have the audit report complete by June 30, 2026 .

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

2024-002 Lack of Internal Controls /Account Balances/Adjustments/Reconciliations

Since my role as fiscal administrator began, we have been and will continue to establish an internal control framework that will be documented for the town to follow in future years. Bank reconciliations have been brought up to date, and with the help of an external accountant, will continue to be reconciled each month. The external accountant is also reviewing financial information each month to ensure the proper recordation of transactions and produce financial statements with a budgetary comparison that are presented to the Mayor and Board of Selectmen each month. A finance committee has been active in reviewing bank reconciliations, payables, bond transactions, collections, and sales tax information. We have and will continue to develop formal policies and procedures to ensure that all transactions and balances are properly recorded and reconciled in a timely manner. The Mayor must be involved in future years by reviewing bank reconciliations and discussing financial statements and budget with the external accountant.

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

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Exhibit B – Fiscal Administrator’s Responses to Schedule of Findings and Questioned Cost

2024-003 Tax and Fee Remittances

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

We have spent a significant amount of time reviewing the town’s payroll and are developing clear procedures to document what must be done each month and each quarter. Again, no one was reviewing the tax filings and tax payments during the 2023 or 2024 audit years and there are several quarters of 2023 and 2024 when tax forms were not filed, and payroll taxes were not paid. In 2025, all past due and current state withholding taxes have been paid. In January 2025, I met with an Internal Revenue Service agent and submitted a request for the abatement of penalties and the establishment of a payment plan for past due obligations. The IRS has responded by abating certain penalties and not abating others. The IRS has also not agreed to a payment plan. We have begun making payments for past due obligations and the past due obligation to the IRS (not including interest and penalties) is \$98,587.58 (originally \$232,886 at December 31, 2024) as of December 31, 2025. I plan to make an additional payment in the first quarter of 2026.

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

2024-004 Bond Payments

The audit report correctly indicates that scheduled bond payments were not made in a timely manner and as of December 31, 2024, approximately \$654,000 of principal payments were delinquent. After working with bond counsel for three of the town’s bond issues, the bond payments have been restructured to move the unpaid balances into future years. A final agreement was approved on June 9, 2025.

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

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

2024-005 Budget Oversight

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

Each month, our contract accountant now reconciles bank statements each month and prepares financial statements with budget to actual comparisons. These financial statements are provided to the mayor, treasurer, and board members and discussed at board meetings. These statements are also discussed in more detail with the Finance Committee of the Board of Selectmen. We have documented the procedures to be followed in preparing these monthly financial statements and have discussed with the Board of Selectmen the need to monitor the variances between budget and actual results. In future years, the mayor and town treasurer will be responsible for monitoring the budget and reporting any variances to the Board of Selectmen.

Exhibit B – Fiscal Administrator’s Responses to Schedule of Findings and Questioned Cost

2024-006 Payroll Documentation

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

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

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

2024-007 Bank Reconciliations

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

2024-008 Retirement Contributions

Retirement contributions that were late being paid as of December 31, 2024, have been paid and the town is current in making retirement payments. The payroll system has been set up to calculate the funds needed from other operating funds into payroll for retirement payments for the Louisiana Municipal Employees’ Retirement System and the Louisiana Municipal Police Employees’ Retirement System. Funds are still transferred through an on-line banking application and the treasurer makes transfers based on the calculations in the payroll account. Monthly, the treasurer makes payments to each of the retirement systems from the payroll account.

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

2024-009 Health Insurance

Health insurance premiums were paid for former employees of the town after they were no longer employed. These payments occurred because the insurance provider was not notified of the former employees’ separation of employment. As noted in your finding, after the insurance provider was notified, the town received credit for a portion of the premiums that were paid.

Procedures have been developed to ensure that only eligible employees are included in health insurance coverage and payments.


2024-010 Water and Sewer Billing

We agree with your recommendation and will have formal procedures regarding billing practices. We will also seek advice from the town’s legal counsel and, if necessary, seek an attorney general opinion related to overbillings and the application of the amounts overbilled to the lack of revenue from not billing in the month of February 2024.

Exhibit B – Fiscal Administrator’s Responses to Schedule of Findings and Questioned Cost

Agreed Upon Procedures Report Findings

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

A handwritten signature in blue ink that reads "David K. Greer". The signature is fluid and cursive, with a long horizontal stroke at the end.

David K. Greer
Court-Appointed Fiscal Administrator



Town of Homer

STATEWIDE AGREED-UPON PROCEDURES REPORT

December 31, 2024



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

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

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Town of Homer's management is responsible for those C/C areas identified in the SAUPs.

Town of Homer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

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

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

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

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

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

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

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

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

Results: No written policies exist for payroll/personnel.

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

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

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

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

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

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

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

Results: No written policies exist for ethics.

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

Results: No written policies exist for debt service.

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

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

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

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

Board or Finance Committee

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

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

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

Results: Minutes did not reference or include budget to actual comparison for all 12 months.

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

Results: The 2023 audit report was not issued timely for this procedure to be properly performed.

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

Results: The 2023 audit report was not issued timely for this procedure to be properly performed.

Bank Reconciliations

- 3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing was complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

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

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

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

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

Results: Four exceptions were identified where management did not have evidence of research for reconciling items older than 12 months.

Collections (excluding electronic funds transfers)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) Observed that receipts are sequentially pre-numbered.

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

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

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

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

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

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

Results: One exception was identified as a result of applying this procedure.

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

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

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

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

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

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

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

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

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

Results: One exception was identified as a result of applying the procedure.

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

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

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

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

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

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

a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

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

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

Results: No exceptions were found as a result of applying this procedure.

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

Results: One exception was identified as a result of applying the procedure.

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

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

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

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

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

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

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

Results: One statement selected had late fees and finance charges.

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

Results: Three exceptions were found as a result of applying this procedure as there was no receipt provided and no written documentation of the business purpose.

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

13. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger was complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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

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

Results: One exception was identified as a result of applying the procedure.

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

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

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

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

Contracts

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

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

Results: No listing of contracts was provided so this procedure could not be performed.

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

Results: No listing of contracts was provided so this procedure could not be performed.

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

Results: No listing of contracts was provided so this procedure could not be performed.

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

Results: No listing of contracts was provided so this procedure could not be performed.

Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ethics

- 19. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above obtained ethics documentation from management, and:

- a) Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Results: Three exceptions were identified where employees did not complete training.

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

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

Debt Service

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

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

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

Results: Exceptions were identified where reserve requirements required by debt covenants were not met. It was also identified that bond payments were late.

Fraud Notice

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

Results: Misappropriations were identified and disclosed to us and the appropriate parties have been notified.

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

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

Sexual Harassment

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

Results: Four exceptions were identified where employees did not complete training.

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

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

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

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

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

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

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

Shreveport, Louisiana

March 9, 2026



Shenovia Harris, Interim Town Clerk

Dr. Xanthe Y. Seals, Mayor

Pamela Breedlove, Town Attorney

February 20, 2026

Louisiana Legislative Auditor
1600 North 2nd Street
PO Box 94397
Baton Rouge, LA 70804-9397

And

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

Re: Management Response to Statewide Agreed-upon Procedures

The Town of Homer's management has reviewed the Independent Accountant's Report on Applying Agreed-upon Procedures. Management is in agreement with the report as provided by Carr, Riggs & Ingram, L.L.C. In addition, the Town of Homer will implement changes/additions to policies and/or procedures where necessary to meet the expectations in the report.

Respectfully,

A handwritten signature in blue ink, appearing to read "Xanthe Y. Seals", with a long horizontal line extending to the right.

Dr. Xanthe Y. Seals, Mayor
Town of Homer

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

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