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TOWN OF HOMER, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 16 2000

MER, LOUISIANA  
Annual Financial Report  
Year Ended June 30, 1999

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1-2
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		3-4
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		5-6
Management Letter		7-11
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - (OVERVIEW))		
Combined Balance Sheet - All Fund Types and Account Groups	1	12-13
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	2	14
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Cash Basis) and Actual - General and Special Revenue Funds	3	15
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	4	16
Statement of Cash Flows - Proprietary Fund Type - Utilities and Sanitation and Discretely Presented Component Units	5	17
Notes to Financial Statements		18-34
	<u>Statement/ Schedule</u>	<u>Page</u>
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS:		
General Fund:		
Comparative Balance Sheet	A-1	35
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Cash Basis) and Actual	A-2	36
Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)	A-3	37-40

	<u>Statement/ Schedule</u>	<u>Page</u>
<b>Special Revenue Funds:</b>		
Combining Balance Sheet	B-1	41
Combining Statement of Revenue, Expenditures and Changes in Fund Balance	B-2	42
<b>Sales Tax Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-3	43
<b>Industrial Development Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-4	44
<b>Street Department Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-5	45
<b>Fire Department Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-6	46
<b>Recreation Department Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-7	47
<b>Police Department Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-8	48
<b>Contingency Sales Tax Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-9	49
<b>Tourism Sales Tax Fund:</b>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Cash Basis) and Actual	B-10	50
<b>Debt Service Funds:</b>		
Combining Balance Sheet	C-1	51
Combining Statement of Revenues and Expenditures and Changes in Fund Balances	C-2	52
<b>Enterprise Funds:</b>		
<b>Utilities and Sanitation:</b>		
Balance Sheet	D-1	53-54
Statement of Revenues, Expenses and Changes in Retained Earnings	D-2	55
Schedule of Expenses by Departments	D-3	56
<b>Trust and Agency Funds:</b>		
<b>Police Bond Fund:</b>		
Balance Sheet	E-1	57
Statement of Changes in Assets and Liabilities	E-1	57

	Statements/ Schedule	Page
<b>General Fixed Assets Account Group:</b>		
Statement of General Fixed Assets	F-1	58
Statement of Changes in General Fixed Assets	F-2	59
<b>General Long-Term Debt Account Group:</b>		
Statement of General Long-Term Debt	G-1	60
<b>Other Supplementary Information:</b>		
Compensation paid Board Members		61
Schedule of Findings and Questioned Costs		62-63
Summary Schedule of Prior Audit Findings		64-65
Schedule of Expenditures of Federal Awards		66
Management Comments on Town Operations		67-69
Corrective Action Plan		70-73
Data Collection Plan		

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## INDEPENDENT AUDITORS' REPORT

The Honorable David Aubrey, Mayor  
and the Members of the Board of Selectmen  
Town of Homer, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Homer, Louisiana as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Homer, Louisiana management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Homer Hospital, a component unit, which statements reflect total assets of \$10,506,638 as of June 30, 1999, and total revenues of \$10,150,211 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Homer Hospital component unit is based solely on the report of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the year 2000 issue. The Town of Homer, Louisiana has included such disclosures in Note 16. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter.

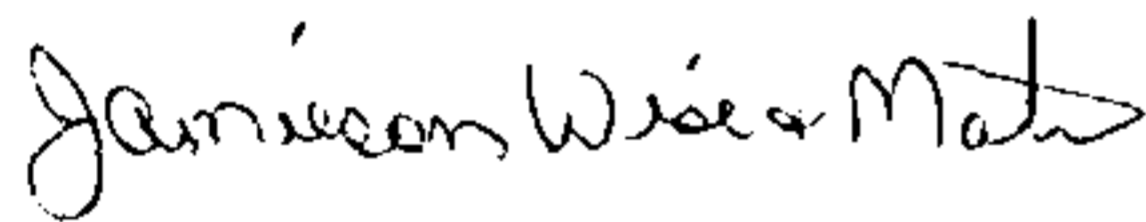
Accordingly, insufficient audit evidence exists to support the Town of Homer's disclosures with respect to the year 2000 issue made in Note 16. Further, we do not provide assurance that Town of Homer, Louisiana is or will be year 2000 ready, that Town of Homer's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Town of Homer, Louisiana does business will be year 2000 ready.

We were unable to obtain an updated a complete listing of the general fixed assets, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the general fixed assets account group and represent 46% of the assets of the total primary government.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures and general fixed assets, and based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Homer, Louisiana, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2000 on our consideration of the Town of Homer's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Homer, Louisiana taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Homer, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, is fairly presented in all material respect in relation to the general purpose financial statements taken as a whole.



Minden, Louisiana  
January 14, 2000

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable David Aubrey, Mayor,  
and the Members of the Board of Selectmen  
Town of Homer, Louisiana

We have audited the general purpose financial statements of the Town of Homer, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 14, 2000. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Homer, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2 and 99-3. We also noted certain immaterial instances of noncompliance that we have reported to management of the Town of Homer, Louisiana in a separate letter dated January 14, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Homer, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Homer, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control

over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Town of Homer, Louisiana, in a separate letter dated January 14, 2000.

This report is intended for the information of management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Jamison Wise & Mats*

Minden, Louisiana  
January 14, 2000



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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable David Aubrey, Mayor,  
and the Members of the Board of Selectmen  
Town of Homer, Louisiana

### Compliance

We have audited the compliance of the Town of Homer, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town of Homer, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Homer, Louisiana's management. Our responsibility is to express an opinion on the Town of Homer, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Homer, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Homer, Louisiana's compliance with those requirements.

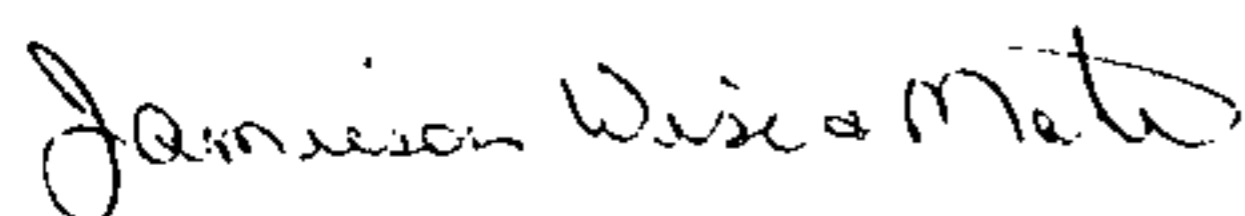
In our opinion the Town of Homer, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the Town of Homer, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Homer, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Minden, Louisiana  
January 14, 2000

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**MANAGEMENT LETTER**

Mayor David Aubrey and  
The Board of Aldermen  
Town of Homer  
400 East Main  
Homer, LA 71040

We have audited the financial statements of the Town of Homer, Louisiana, as of and for the year ended June 30, 1999, and have prepared our report thereon dated January 14, 2000.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the town. Listed below, as items 99-1 through item 99-3 are the items we considered material to the general purpose financial statements. As a supplement to the reports, we submit for your consideration the following observations that did not meet the criteria of being material to the general purpose financial statements in items 99-4 through 99-9.

We acknowledge that many of the problems noted below appear to be due to the planned implementation of the masterbank cash system and general ledger postings at the same time as the administrations and accounting personnel were changing. However, the town personnel still have a responsibility to ensure controls over town resources and expenditures and to ensure compliance with applicable statutes.

**Controls and compliance considered material to general purpose financial statements.**

**Accounting, Auditing, and Financial Reporting Laws**

**99-1: Preparation of Financial information**

LSA-RS 24:514, 24:515, and/or 33:463 require that adequate records be maintained to provide evidence of compliance and the preparation of annual financial statements. Upon initial request for the books and records of the town of Homer we found the following problems. The general ledger for the year ended June 30, 1999 was not in balance. The cash accounts on the general ledger had not been timely reconciled. The town's employees reconciled and located the variances in November 1999 to present us with information to assist them in preparing the financial statements and for us to conduct an audit. During the audit process, due to the change of administrations and personnel during the year being

audited, we found it very difficult to match invoices with checks and deposits with receipts in the various general ledger accounts. The booking to the general ledger of the utility billings was not done monthly. Therefore accounts receivable per the general ledger and the subsidiary reports could not be reconciled timely.

We recommend the town ensure that accounting personnel have adequate time to perform their specific duties and adequate training to timely reconcile the financial accounts and review the postings to the general ledger for accuracy. This will allow the town management to receive monthly reports of budget versus actual revenues and expenditures and be better informed on how to manage the town's resources.

#### **99-2: Filing of Audited Financial Reports**

LSA-RS 24:513, 24:514, 33:463 and/or 39:92 require that financial statements be audited and filed with the Legislative Auditor within six months of the year-end. Due to the financial reporting problems noted in Item 99-1 above the financial statements were not timely filed.

With the town's management addressing item 99-1 above the information to file audited financial statements on a timely manner should be addressed.

#### **Asset Management Laws**

##### **99-3: Fixed Asset Inventory**

LSA-RS 24:515 and 39:324 requires that political subdivisions of the State keep adequate records of general fixed assets and movable property. The designated property manager shall make a complete physical inventory of the property once each fiscal year and these amounts should be reconciled to the financial records. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

During our audit we could find no evidence that an inventory of the fixed assets was taken as of June 30, 1999.

**Controls and compliance considered non-material to general purpose financial statement**

#### **Laws Affecting Budgeting**

##### **99-4: Budget preparation and review**

LSA-RS 39:1301-1314 require that budgets for the ensuing fiscal years should be prepared and shall be completed and submitted to the governing authority of that political subdivision no later than fifteen days prior to the beginning of each fiscal year. Also, the town management should notify the governing authority when the budget needs to be amended. Also, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year. LSA-RS 39:1310 addresses the budgetary authority and controls. The adopted budget and amendments shall form the framework from which the administration and governing authority of the government shall monitor and control expenditures.

During our audit process we noted that the ensuing budget for the year ending June 30, 2000 was not approved until July 1999. Since the records were not reconciled as noted in 99-1 above it was impossible for the governing authority to monitor expenditures to ensure they were within the prescribed approved framework for the year ended June 30, 1999.

#### **99-5: Negative Cash Balance in General Fund and Sales Tax Fund**

During our audit we noted that the general fund as of June 30, 1999 had a negative cash balance of \$(62,798). The Sales Tax Fund at June 30, 1999 had a negative cash balance of \$(29,743). These funds did have CD's in excess of these amounts; however the CD's had not been cashed to replenish the masterbank deficit. To prevent the fund's bank portion of the masterbank checking account from ending in a negative balance town personnel should monitor the budget and actual items monthly. Since December 1998 the majority of the cash funds are in the masterbank account. The town has cash in the bank, however a part of those funds is restricted by sales tax ordinances. By having the nondedicated balances become negative the town is in effect spending the dedicated sales tax funds. This could be construed as a violation of the sales tax ordinances by town management.

We recommend that monthly the town management review the cash situation by funds and report to the board of alderman whether budget adjustments need to be made.

#### **Cash Management Laws**

##### **99-6: Cash Deposits**

During our audit test work of utility receipts we noted 6 deposits in June that were made over 5 days after the monies were collected. LSA-RS 39:1212 states that all funds shall be deposited daily whenever practical.

We recommend for proper control over cash funds all money should be deposited daily. The deposits should be reconciled with the general ledger entries and utility cash receipts reports on a daily basis.

#### **Compliance with Town Ordinances**

##### **99-7: Utility Cutoffs**

During our test work of utility billings we noted the town of homer had not adhered to its utility cutoff policy of cutting off past due accounts. We noted that past due accounts charged to the 85 account, which are deemed final or uncollectible bills increased substantially during the last 12 months. The current outstanding accounts receivable at 6/30/99 was approximately 2 months of average gross billings. During this testwork we also noted a public employee and an elected official were part of these past due bills. While the town has not favored these individuals, allowing public employees and elected officials to be past due could be construed as a violation of LSA-RS 42:1101-1123, the Code of Ethics for public officials and public employees.

We recommend the town adhere to the cutoff policy and consider the use of a collection agency to pursue past due accounts.

## Compliance with payroll reporting requirements

### 99-8: Payroll procedures

During payroll test work we noted several employee files were not updated with adequate documentation in their files to support their rate of pay. We also noted that the EFT deposits and federal 941's were incorrectly filed. The Town filed several retirement reports late.

We acknowledge the town had begun the process of reworking all the employee files. We also acknowledge the town had turnover in the payroll accounting personnel; however the town personnel needs to ensure all employee files are documented as to pay scale and ensure that payroll reports are timely filed. This will ensure the town controls payroll correctly and that the town will not incur penalties and interest due to late payroll reports.

## Sales tax ordinances

### 99-9: Use of 20% of 1% Sales Tax dedicated to Industrial Development Facilities

The 1% sales tax dated July 27, 1971 is as follows: The Town of Homer shall collect a tax of one percent (1%) upon the sale at retail with dedicated purposes being "...opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, and bridges; constructing, acquiring, extending, improving, renovating and or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, parking facilities, and industrial development facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more of said purposes; provided that a minimum of twenty percent (20%) of the net revenues received from this tax shall be dedicated and used for industrial development facilities as herein described...

During our test work we noted on 1/10/99 the Town paid \$8,605.78 to Software and Services for computer services from the Industrial Development Funds. Also on 3/29/99 there was a transfer from the industrial funds of \$10,000 to the Fire Account.

Since the dedication requires that the sales and use tax revenues be used on or for facilities, the expenditure for computer services appears to be not permissible. In the past the town did use part of the funds for the construction of the fire station. As to the industrial purpose, the council documented these past expenses for fire and it was on a facility.

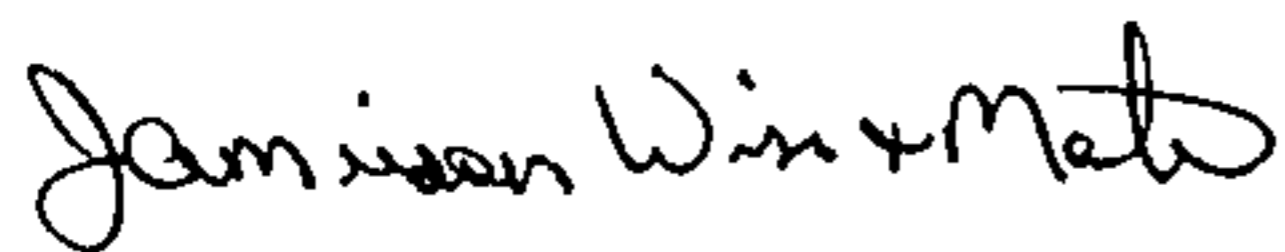
We recommend that the council reimburse the industrial account for the computer expenses and review the use of the \$10,000 after it was transferred to see if the funds were used for industrial development facilities. In the future we recommend the town document in the minutes the industrial development facility purpose of expenses to be paid from the industrial account.

## Conclusion

The town management has addressed prior audit findings unless included in the above comments. We hope these recommendations and comments will assist the town management in its mission of controlling and effectively using the town's assets.

Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Jamieson, Wise & Martin". The signature is written in a cursive, flowing style.

Jamieson, Wise & Martin  
January 14, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**



Exhibit I

Town of Homer, Louisiana  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types		Fiduciary			Proprietary			Account Groups			Totals		Totals (Memorandum only) Reporting Entity
	General	Special Revenue	Debt Service	Fund Type		Trust Agency	Enterprise	General Fixed Assets	General Long-term Debt	(Memorandum only)		Component Unit Hospital		
				Fund Type	Trust Agency					Primary Government				
<b>ASSETS</b>														
Cash and interest bearing deposits	\$ 1,411	356,064	49,414	318,084	10,322						735,295	146,206	881,501	
Receivables:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	144	-	-	130,053	-	-	-	-	-	-	130,197	3,559,463	3,689,660	
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	10,322	7,000	-	13,966	-	-	-	-	-	-	31,288	-	31,288	
Inventory	-	-	-	-	-	-	-	-	-	-	-	397,692	397,692	
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	75,024	75,024	
Meter deposits	2,130	250	-	-	-	-	-	-	-	-	2,380	-	2,380	
Restricted assets:														
Cash and interest bearing deposits	-	-	-	462,097	-	-	-	-	-	-	462,097	1,922,602	2,384,699	
Land	-	-	-	-	-	-	87,743	-	-	-	87,743	-	87,743	
Buildings	-	-	-	-	-	-	1,116,144	-	-	-	1,116,144	-	1,116,144	
Improvements other than buildings	-	-	-	-	-	-	4,428,986	-	-	-	4,428,986	-	4,428,986	
Airport	-	-	-	-	-	-	464,188	-	-	-	464,188	-	464,188	
Equipment	-	-	-	-	-	-	1,077,030	-	-	-	1,077,030	-	1,077,030	
Enterprise Fund property, plant and equipment	-	-	-	10,793,881	-	-	-	-	-	-	10,793,881	10,244,207	21,038,088	
Accumulated depreciation	-	-	-	(3,925,491)	-	-	-	-	-	-	(3,925,491)	(6,420,659)	(10,346,150)	
Amounts available for debt service	-	-	-	-	-	-	-	45,228	-	-	45,228	-	45,228	
Funds to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	124,076	-	124,076	-	124,076	
Other assets	-	-	-	-	-	-	-	-	-	-	-	582,103	582,103	
<b>Total Assets</b>	<b>\$ 14,007</b>	<b>363,314</b>	<b>49,414</b>	<b>7,792,590</b>	<b>10,322</b>	<b>7,174,091</b>	<b>15,573,042</b>	<b>10,506,638</b>	<b>26,079,680</b>					

The accompanying notes are an integral part of these financial statements

Exhibit 1

Town of Homer, Louisiana  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types			Fiduciary Fund Type Trust Agency	Account Groups			Totals		Totals (Memorandum only) Reporting Entity
	General	Special			General Fixed Assets	General Long-term Debt	(Memorandum only) Primary Government		Component Unit Hospital	
		Revenue	Debt Service							
<b>LIABILITIES AND FUND EQUITY</b>										
<b>Liabilities:</b>										
Accrued payroll & benefits	\$ 20,101	-	-	-	-	-	20,101	273,614	293,715	
Accounts payable	8,728	26,879	-	-	-	-	71,939	107,214	179,153	
Accrued liabilities	-	-	-	-	-	-	-	135,686	135,686	
Unearned Revenues	-	-	-	-	-	-	-	-	-	
Due to other funds	8,694	12,272	-	10,322	-	-	31,288	-	31,288	
Due to health insurance programs	-	-	-	-	-	-	-	258,537	258,537	
Payable from restricted assets:										
Revenue bonds	-	-	-	-	-	-	2,842,776	3,083,478	5,926,254	
Accrued interest	-	-	-	-	-	-	59,498	-	59,498	
Customer's deposits	-	-	-	-	-	-	84,395	-	84,395	
Obligations under capital lease	-	-	-	-	-	-	-	158,990	158,990	
Unpaid vacation leave	-	-	-	-	-	11,604	-	-	11,604	
Accrued interest	-	-	-	-	-	-	-	-	-	
General obligation bonds payable	-	-	-	-	-	157,700	157,700	-	157,700	
<b>Total liabilities</b>	<b>37,523</b>	<b>39,151</b>	<b>-</b>	<b>10,322</b>	<b>-</b>	<b>169,304</b>	<b>3,279,301</b>	<b>4,017,519</b>	<b>7,296,820</b>	
<b>Fund Equity:</b>										
Contributed capital	-	-	-	-	-	7,174,091	11,006,492	-	11,006,492	
Retained Earnings:										
Reserved for:										
Revenue bond retirement	-	-	-	-	-	-	256,087	-	256,087	
Bond depreciation and contingency	-	-	-	-	-	-	93,808	-	93,808	
Hospital	-	-	-	-	-	-	-	6,489,119	6,489,119	
Unreserved	-	-	-	-	-	-	587,293	-	587,293	
Fund Balances:										
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	
Unreserved	(23,516)	324,163	49,414	-	-	-	350,061	-	350,061	
<b>Total fund equity</b>	<b>(23,516)</b>	<b>324,163</b>	<b>49,414</b>	<b>-</b>	<b>-</b>	<b>7,174,091</b>	<b>12,293,741</b>	<b>6,489,119</b>	<b>18,782,860</b>	
<b>Total Liabilities and Fund Equity</b>	<b>\$ 14,007</b>	<b>363,314</b>	<b>49,414</b>	<b>10,322</b>	<b>169,304</b>	<b>7,174,091</b>	<b>15,573,042</b>	<b>10,506,638</b>	<b>26,079,680</b>	

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
 ALL GOVERNMENTAL FUND TYPES  
 Combining Statement of Revenue Expenditures and Changes in Fund Balance  
 Year Ended June 30, 1999

	GOVERNMENTAL FUNDS			Fiduciary Fund- Expendable Trust	Totals 1999
	General	Special Revenue	Debt Service		
<b>REVENUES:</b>					
Taxes	\$ 93,190	866,431	-	-	959,621
Licenses and permits	179,705	-	-	-	179,705
Fees and rentals	-	-	-	-	-
Intergovernmental	29,890	39,000	-	-	68,890
Fines and forfeits	21,275	-	-	-	21,275
Interest	2,611	7,128	276	-	10,015
Miscellaneous	156,375	61,645	-	-	218,020
<b>Total Revenues</b>	<b>483,046</b>	<b>974,204</b>	<b>276</b>	<b>-</b>	<b>1,457,526</b>
<b>EXPENDITURES:</b>					
General Government	437,659	13,080	-	-	450,739
Public Safety	343,165	99,747	-	-	442,912
Highways and streets	156,170	305,123	-	-	461,293
Parks and recreation	26,333	33,459	-	-	59,792
Public Works	7,980	-	-	-	7,980
Industrial development	-	18,158	-	-	18,158
Capital Outlay	45,806	138,511	-	-	184,317
Debt service	-	74,542	-	-	74,542
<b>Total Expenditures</b>	<b>1,017,113</b>	<b>682,620</b>	<b>-</b>	<b>-</b>	<b>1,699,733</b>
Excess (deficiency) of revenues over expenditures	<u>(534,067)</u>	<u>291,584</u>	<u>276</u>	<u>-</u>	<u>(242,207)</u>
<b>OTHER FINANCING SOURCES:</b>					
Loan Proceeds	-	-	-	-	-
Operating transfers in	534,177	-	44,170	-	578,347
Operating transfers out	-	(449,337)	(5,613)	-	(454,950)
<b>Total Other Sources (Uses)</b>	<b>534,177</b>	<b>(449,337)</b>	<b>38,557</b>	<b>-</b>	<b>123,397</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	110	(157,753)	38,833	-	(118,810)
Fund Balance at beginning of year	<u>(23,625)</u>	<u>481,917</u>	<u>10,580</u>	<u>-</u>	<u>468,872</u>
Fund Balance at end of year	<u>\$ (23,515)</u>	<u>324,164</u>	<u>49,413</u>	<u>-</u>	<u>350,062</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
 GENERAL AND SPECIAL REVENUE FUNDS  
 Combining Statement of Revenue Expenditures and Changes in Fund Balance  
 Budget (Cash Basis) and Actual - General and Special Revenue Funds  
 Year ended June 30, 1999

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>									
Taxes	\$ 95,440	93,190	(2,250)	846,000	842,649	(3,351)	-	-	-
Licenses and permits	161,500	179,705	18,205	-	-	-	-	-	-
Intergovernmental	29,620	29,890	270	37,232	39,000	1,768	-	-	-
Fines and forfeits	22,750	21,275	(1,475)	-	-	-	-	-	-
Interest	-	2,611	2,611	4,941	7,128	2,187	-	276	276
Miscellaneous	33,771	156,375	122,604	41,600	61,645	20,045	-	-	-
Total Revenues	<u>343,081</u>	<u>483,046</u>	<u>139,965</u>	<u>929,773</u>	<u>950,422</u>	<u>20,649</u>	<u>-</u>	<u>276</u>	<u>276</u>
<b>EXPENDITURES:</b>									
General government	307,513	455,215	(147,702)	-	-	-	-	-	-
Public safety	307,197	343,385	(36,188)	105,974	99,428	6,546	-	-	-
Highways, streets, water and sewer	110,000	156,170	(46,170)	243,000	295,357	(52,357)	-	-	-
Parks and recreation	21,500	26,333	(4,833)	45,100	32,545	12,555	-	-	-
Public works	10,236	8,456	1,780	-	-	-	-	-	-
Industrial development	-	-	-	6,725	18,158	(11,433)	-	-	-
Debt Service	-	-	-	27,000	74,542	(47,542)	-	-	-
Capital Outlay	41,125	45,806	(4,681)	96,600	138,510	(41,910)	-	-	-
Total Expenditures	<u>797,571</u>	<u>1,035,365</u>	<u>(237,794)</u>	<u>524,399</u>	<u>658,540</u>	<u>(134,141)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(454,490)</u>	<u>(552,319)</u>	<u>(97,829)</u>	<u>405,374</u>	<u>291,882</u>	<u>(113,492)</u>	<u>-</u>	<u>276</u>	<u>276</u>
<b>OTHER FINANCING SOURCES:</b>									
Operating transfers in	440,000	534,177	94,177	-	-	-	-	44,170	-
Operating transfers out	-	-	-	380,000	449,337	69,337	-	5,613	-
Total Other Sources	<u>440,000</u>	<u>534,177</u>	<u>94,177</u>	<u>(380,000)</u>	<u>(449,337)</u>	<u>(69,337)</u>	<u>-</u>	<u>38,557</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(14,490)</u>	<u>(18,142)</u>	<u>(3,652)</u>	<u>25,374</u>	<u>(157,455)</u>	<u>(182,829)</u>	<u>-</u>	<u>38,834</u>	<u>38,834</u>
Fund Balance at beginning of year	47,940	3,356	(44,584)	516,864	508,498	(8,366)	-	10,580	10,580
Fund Balance at end of year	<u>\$ 33,450</u>	<u>(14,786)</u>	<u>(48,236)</u>	<u>542,238</u>	<u>351,043</u>	<u>(191,195)</u>	<u>-</u>	<u>49,414</u>	<u>49,414</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
ENTERPRISE FUND  
All Proprietary Fund Types  
Combined Statement of Revenues, Expenses and Changes in Retained Earnings  
For the fiscal year ended June 30, 1999

Exhibit 4

	Proprietary Fund Type Enterprise	Component Unit Hospital	Totals for 1999 (Memorandum only) Reporting Entity
Operating Revenues:			
Charges for Services	\$ 923,010	10,150,211	11,073,221
Operating Expenses:			
Depreciation	235,477	523,552	759,029
Cost of services	762,878	10,658,536	11,421,414
Total operating expenses	<u>998,355</u>	<u>11,182,088</u>	<u>12,180,443</u>
Operating income (loss)	<u>(75,345)</u>	<u>(1,031,877)</u>	<u>(1,107,222)</u>
Nonoperating Revenues (Expenses):			
Investment income	22,548	154,685	177,233
Advalorem revenue	-	388,752	388,752
Interest and fiscal charges	(153,197)	(197,761)	(350,958)
Total nonoperating revenues (expenses)	<u>(130,649)</u>	<u>345,676</u>	<u>215,027</u>
Income (loss) before operating transfers	(205,994)	(686,201)	(892,195)
Operating Transfers:			
Transfers out	<u>3,103</u>	<u>-</u>	<u>3,103</u>
Net income (loss)	(202,891)	(686,201)	(889,092)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	7,583	-	7,583
Retained earning, beginning of year	<u>1,132,496</u>	<u>7,175,320</u>	<u>8,307,816</u>
Retained earnings, end of year	<u>\$ 937,188</u>	<u>6,489,119</u>	<u>7,426,307</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
ENTERPRISE FUND  
Proprietary Fund Type - Utilities and Sanitation and Discretely  
Presented Component Units  
Combined Statement of Cash Flows  
For the fiscal Year Ended June 30, 1999

Exhibit 5

	Proprietary Fund Type <u>Enterprise</u>	Component Unit <u>Hospital</u>	1999 Reporting Entity (Memorandum Only)
<b>Cash Flows from Operating Activities:</b>			
Operating income (loss)	\$ (75,345)	(1,031,877)	(1,107,222)
Adjustments to reconcile operating loss to net cash to cash provided by operating activities:			
Depreciation	235,477	523,552	759,029
Provision for Bad Debts	-	315,052	315,052
Interest Received	-	143,523	143,523
(Increase) in Inventories	-	(38,688)	(38,688)
(Increase) in Prepaid expenses	-	18,608	18,608
(Increase) in due from health insurance stop/loss carrier	-	(27,032)	(27,032)
(Increase) Due from health insurance programs	-	466,195	466,195
Decrease in Home health start-up costs	-	28,039	28,039
(Increase) decrease in accounts receivable	11,848	(1,338,122)	(1,326,274)
(Increase) decrease in due to other funds	10,686	-	10,686
(Decrease) in accrued payroll and benefits	-	(140,438)	(140,438)
(Decrease) in accrued uncompensated absences	-	(82,610)	(82,610)
Increase in due to health insurance programs	-	258,537	258,537
(Decrease) in interest payable	-	-	-
(Decrease) increase in accounts payable	(5,272)	16,504	11,232
Net cash provided by operating activities	<u>177,394</u>	<u>(888,757)</u>	<u>(711,363)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers out to other funds	-	-	-
Taxes Received	-	388,752	388,752
Net (decrease) increase in meter deposit liability	(3,538)	-	(3,538)
Net cash used for noncapital financing activities	<u>(3,538)</u>	<u>388,752</u>	<u>385,214</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(15,019)	-	(15,019)
Principal paid on revenue bonds and capital lease obligations	(38,950)	(156,679)	(195,629)
Interest paid on revenue bonds and capital lease obligations	(149,963)	(197,761)	(347,724)
Capital Contributions from other grants	-	-	-
Net Cash used for capital and related financing activities	<u>(203,932)</u>	<u>(354,440)</u>	<u>(558,372)</u>
<b>Cash Flows from Investing Activities:</b>			
Advances on education contracts	-	(13,832)	(13,832)
Decrease in assets whose use is limited	-	1,406,384	1,406,384
Purchases of property and equipment	-	(754,498)	(754,498)
Advance on physician contract	-	-	-
Interest on interest-bearing deposits	22,548	-	22,548
Net Cash provided (used) for investing activities	<u>22,548</u>	<u>638,054</u>	<u>660,602</u>
Net increase in cash and cash equivalents	(7,528)	(216,391)	(223,919)
Cash and cash equivalents at beginning of year	<u>787,709</u>	<u>362,597</u>	<u>1,150,306</u>
Cash and cash equivalents at end of year	<u>\$ 780,181</u>	<u>146,206</u>	<u>926,387</u>

The accompanying notes are an integral part of these financial statements

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

1. Summary of significant policies

The Town of Homer (the Town) was incorporated March 13, 1850, and granted a special charter under the provisions of Act No. 36 of the Louisiana Legislature. The Town operates under a Mayor-Board of Selectmen form of government.

The accounting and reporting policies of the Town of Homer conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:514 and to the guidelines set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

Reporting entity As the municipal governing authority, for reporting purposes, the Town of Homer is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining *which component units should be considered part of the Town of Homer for financial reporting purposes*. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

As required by generally accepted accounting principles, these financial statements present the Town of Homer (the primary government) and its component units. The component units included in the accompanying financial statements are either blended with the municipality funds or discretely presented.

Discretely Presented Component Units

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The Component Units column of the combined financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the municipality.

The following component units are discretely presented in the accompany financial statements:

Homer Memorial Hospital is owned by the Town and is administered by a Board of Directors appointed by the Board of Selectmen of the Town of Homer. The fiscal operations of the Hospital are kept and administered apart and separate from the Town, however, they are subject to periodic review and examination by the Mayor and Board of Selectmen. Additionally, all by-laws, rules and regulations, and all amendments and supplements thereto, and expenditures for capital improvements must be submitted to and approved by the Mayor and Board of Selectmen. The Town governing body may transfer surplus funds to the General Fund of the Town if the annual audit report of the Hospital reflects surplus funds at the close of the fiscal year. Based on GASB Statement 14 the Town has included in the financial statements as a component unit the Homer Memorial Hospital. Audited financial statements of the component unit Homer Memorial Hospital are available upon request from the Homer Memorial Hospital business office.

Other Organizations

The Housing Authority of the Town of Homer, although governed by commissioners who are directly appointed by the Town's Board of Selectmen, is considered a separate government because it does not meet the criteria for inclusion in the financial reporting entity as determined by GASB 14. Audited financial statements for the Housing Authority of the Town of Homer are not included in this report, however, such statements are available upon request from the Housing Authority's business office.

Fund accounting The accounts of the Town of Homer are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and these into seven generic fund types as follows:

Governmental Fund Types

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue



Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purpose.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Project Funds** - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Proprietary Fund Type**

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

**Fiduciary Fund Type**

**Agency Fund** - The Agency Funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Federal and state grants are expenditure driven in which, revenues are recognized when the grant expenditures are incurred. With the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized at the time the liabilities are incurred.

Budgets and budgetary accounting - The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and Board of Selectmen no later than fifteen days prior to the beginning of each fiscal year.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

- b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Selectmen.
- f) Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a cash basis. Budgeted amounts, as originally adopted, are amended from time to time by the Board of Selectmen. Such amendments were not material in relation to the original appropriations. Budgets are not prepared for capital projects funds due to these funds being restricted to capital improvements.
- g) The revenues and expenditures, shown on Exhibit 2 are reconciled with the amounts reflected on the budget comparisons on Exhibit 3 as follows:

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
Excess (deficiency) of revenues and other other sources over expenditures and other uses - Exhibit 2	\$ 110	(157,753)	38,833
Adjustments:			
Expenditure accruals	(18,252)	<u>298</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Exhibit 3	<u>\$(18,142)</u>	<u>(157,455)</u>	<u>38,833</u>

h) All budgetary appropriations lapse at the end of each fiscal year.

Encumbrances - The Town of Homer does not use encumbrance accounting.

Cash and cash equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits and, certificates of deposit of unrestricted and restricted means.

Inventory - All inventories are valued at the lower of cost (first-in, first-out) or market.

Fixed assets and long-term liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activities are included in their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds are charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utilities and Sanitation Fund:	
Buildings	40 years
Electric system:	
Generating equipment	40 years
Transmission and distribution	25 years
Fence	10 years
Waterworks system:	
Water wells	40 years
Water tanks and reservoirs	40 years
Water line distribution system	40 years
Water meters	40 years
Water treatment plant filter system	40 years
Sewer system	40 years
Auto and trucks	5-10 years
Equipment	5-10 years
Office equipment	10 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated.

Accumulated unpaid vacation pay and other employee benefits -

Accumulated unpaid vacation pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in governmental funds (using the modified accrual basis of accounting). Amounts not expected to be liquidated with expendable available financial resources are reported in general long-term debt account group. No expenditure is reported for this amount.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

Property taxes - Property tax revenues are recognized as income in the year in which they are levied.

Bad debts - The Town considers substantially all ad valorem taxes and customers' utility receivables to be collectible; accordingly, an allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to the allowance when that determination is made.

Total columns on combined statements - Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. *Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.*

Comparative data - Comparative total data for the prior year has not been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

Cash and cash equivalents - For reporting purposes, cash and interest-bearing deposits include cash, demand deposits and certificates of deposits. Cash and interest-bearing deposits are stated at cost. At year-end the Town's total cash and interest-bearing deposits (book balance) excluding the Homer Hospital was \$780,523.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the town has \$1,409,464 in deposits (collected bank balances). These deposits are secured from risk by \$325,239 of federal deposit insurance and \$1,793,955 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the town that the fiscal agent has failed to pay deposited funds upon demand.

... fixed assets consisting of certain

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

2. Flow of funds, restrictions on use - utilities revenue

Utilities and Sanitation:

Operating agreement - Louisiana Power and Light

Effective March 15, 1978, the Town of Homer entered into an agreement with Entergy, formerly Louisiana Power and Light Company, for the operation of the electric system and possible ultimate transfer of ownership of the electric system to the Company. The authorization to enter into the agreement was granted by the voters of the Town in a special election called for that purpose.

Under the operating portion of the agreement, the Company agrees to operate and maintain the system, furnishing reliable and efficient service to both present and future customers. In so doing, the Company shall provide for the entirety of the electric power supply requirements, perform and do all necessary work, and provide all necessary services, materials, and equipment. The Company shall make additions, improvements, and replacements to, extensions of, and retirement of electrical system assets as it considers necessary or desirable. Any such additions, improvements and replacements made by the Company shall be and shall remain the property of the Company unless the Company fails to acquire ultimate ownership of the entire electric system. In such case, the Town is obligated to pay to the Company, within 120 days of any nullification or termination of the agreement, the depreciated book value of all additions, improvements, and replacements made by the Company to the electric system less any salvage realized from retired property. At such time, the property would be owned by the Town and the Company shall have no further ownership rights with respect thereto.

The Company is obligated to obtain and maintain in effect all such insurance policies and/or insurance coverage with respect to the electric system as may be required by the various bond resolutions.

The consideration for the agreement requires the Company to pay the Town, out of revenues collected by it for electric services rendered, the following:

- (a) Monthly payments sufficient to meet sinking fund requirements of various bond issues. The principal amount outstanding at the date of the agreement was \$1,593,000.
- (b) Monthly payments constituting two percent (2%) of the total revenue collected and received by the Company during the preceding calendar month from the sale of residential and commercial electric services to customers within the corporate limits of the Town. The two percent (2%) shall not apply to or include any revenues from the sale of electric energy to the Town or to government or municipal agencies or to any sale of industrial purposes or for resale within the corporate limits of the Town.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

- (c) The Company shall pay to the Town, as they become due, the regular Town ad valorem taxes on all property owned by the Company within the corporate limits of the Town.
- (d) In the event that the payments by the Company to the Town for any calendar year as stipulated in items (b) and (c) above are less than \$41,000, the Company will pay to the Town the difference. Additionally, in the event that total revenues collected and received by the Company from the sale of electric service to residential and commercial customers within the corporate limits of the Town exceed \$585,000 during any calendar year or years, the figure of \$41,000 stated above shall be increased by an amount equal to one percent (1%) of the amount by which such annual revenues exceed \$585,000.

The Company is obligated to make all of the payments described above whether or not sufficient funds are generated from the operation of the electric system of the Town of Homer.

So long as any of the revenue bonds shall remain unpaid or outstanding, the Town shall maintain the Reserve Account and Depreciation and Contingency Account established by the various bond resolutions and make timely payments therein of any amounts which may be necessary in this connection. Expenditures from the Depreciation and Contingency Account shall not be made for capital improvements unless a board of arbitrators shall make a final and binding determination requiring the Company to make such capital improvements.

The agreement also carries provisions relating to increased service rates, limitation on capital improvements to be made by the Company, handling of current and future customer deposits, prohibition of additional bond issues or sale or conveyance of any parts of the electric system, issuance of refunding bonds, and other administrative matters.

At such time as there are no bonds or refunding bonds outstanding, the Company shall have the right and option to purchase and acquire from the Town the entirety of the electric system including all of the facilities, equipment, plant and property of the Town used or useful for the generation, distribution and/or sale of electricity, all rights-of-way, servitudes and other interests in land in connection therewith or necessary for the operation and maintenance of the electric system, and all books, record and accounts in connection with the electric system, for the following considerations:

- (1) the continued obligation of the Company to make the payments to the Town provided for in and by item (d) above and
- (2) the granting by the Company to the Town of the right and option to require the Company to pay the Town in a single lump sum, in lieu of the last mentioned payments, the aggregate amount of all such payments then remaining unpaid, discounted on a basis of 10% per annum applied against each such payment to the due date thereof; and upon the Company's exercise of its right and option so to purchase and acquire the Electric System.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

Utilities & Sanitation Fund: Flow of funds; restrictions on use:

Under the terms of the bond indenture for outstanding Sewer Revenue Bonds, all income and revenues earned or derived from the operation of the sewer system are pledged to the retirement of said bonds and are to be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable expenses of administration, operation and maintenance of the sewer system.
- (b) Each month, beginning December 1988 through November 1989 there will be set aside \$6,375 into a fund called the Sewer Revenue Bond Sinking Fund. Beginning December 1989 through November 2028 the amount set aside shall be \$7,004 per month. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- (c) There shall also be set aside into a "Sewer Bond Reserve Fund" monthly an amount equal to 5% of the monthly payment being made into the sinking fund until there shall have been accumulated in the Reserve Account \$84,048. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Sewer Revenue Bond Sinking Fund and as to which there would otherwise be default.
- (d) Funds will also be set aside into a Sewer Contingency Fund monthly \$357. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operations expense.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

3. Net working capital - Enterprise Fund

The following shows the net working capital for the Enterprise Fund Utilities Fund at June 30, 1999:

Total current assets	\$462,103
Total current liabilities	<u>(209,046)</u>
Net working capital	<u>\$253,057</u>



Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

4. Ad valorem taxes

For the year ended June 30, 1999, taxes of 8.92 mills were levied on property with assessed valuations totaling \$10,634,070 and were dedicated as follows:

General corporate purposes	8.92 mills
----------------------------	------------

Total taxes levied were \$94,856.

Ad valorem taxes attach as an enforceable lien on the valuation of property as of January 1 of each year. The Town of Homer bills and collects its property taxes using the assessed values determined by the tax assessor of Claiborne Parish.

5. Interfund receivables and payables

From time to time and for various purposes, the different funds utilized by the Town may borrow monies from other funds or one fund may collect revenue for or incur expenditures on behalf of another fund. Such transactions generate interfund receivables and payables which are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 10,322	8,694
Special Revenue:		
Industrial Development	7,000	-
Tourism	-	5,272
Sales Tax	-	7,000
Agency Funds:		
Police Bond	-	10,322
Enterprise Fund	<u>13,966</u>	<u>-</u>
	<u>\$ 31,288</u>	<u>31,288</u>

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

6. Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 87,743	-	-	87,743
Buildings	984,486	131,658	-	1,116,144
Improvement other than buildings	4,405,450	23,536	-	4,428,986
Airport	464,188	-	-	464,188
Equipment	974,207	102,823	-	1,077,030
Total general fixed assets	<u>\$6,916,074</u>	<u>258,017</u>	<u>-</u>	<u>7,174,091</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1999:

	Beginning of Year	Additions	Deletions	Inventory Adjustment	End of Year
Construction in Progress	\$ -	-	-	-	-
Land	13,330	-	-	-	13,330
Buildings & improvements other than buildings	10,541,357	-	-	-	10,541,357
Machinery and equipment	224,175	15,019	-	-	239,194
Net Fixed Assets	<u>\$10,778,862</u>	<u>15,019</u>	<u>-</u>	<u>-</u>	<u>10,793,881</u>

The capital projects fund consists of improvements to the water system of the Town. The total improvements are shown in the enterprise fund as construction in progress.

7. Changes in long-term debt

The following is a summary of bond and certificates of indebtedness transactions of the Town for the year ended June 30, 1999:

	General Obligation	Revenue	Total
Bonds and certificates payable at July 1, 1998	\$109,000	2,881,726	2,990,726
Bonds and notes issued	73,700	-	73,700
Bonds and certificates retired	(25,000)	(38,950)	(63,950)
Bonds, certificates and deferred payment contract at June 30, 1999	<u>\$ 157,700</u>	<u>2,842,776</u>	<u>3,000,476</u>

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

Bonds, certificates of indebtedness and notes payable at June 30, 1999, are comprised of the following individual issues:

Certificates of Indebtedness:

\$134,000 Certificates of Indebtedness, Series 1996, dated October 22, 1996, due in annual installments through September 1, 2001; interest at 5.50%. This issue is not secured by a levy of ad valorem taxes. \$ 84,000

\$73,000 Certificates of Indebtedness, Series 1998, dated September 14, 1998, due in annual installments through September 1, 2002; interest at 0.00%. This issue is not secured by a levy of ad valorem taxes. 73,700

Revenue Bonds:

\$590,000 Sewer Revenue Bonds dated June 28, 1996, payable over a forty (40) year period, with the first annual installment of \$32,367.40 commencing on November 28, 1996 through November 28, 2035, interest at 4.50% 578,085

\$1,200,000 Sewer Revenue Bonds dated November 28, 1988; due in annual installments of \$76,500 in November 1989 and \$84,078 from 1990 through 2028; interest at 6.375% 1,110,037

Water Revenue Bonds dated July 15, 1994; payable over a forty (40) year period, with the first payment of 43,067.96 of interest due on July 15, 1995. Commencing August 15 through July 15, 2034, equal monthly installments of \$6,041.03 consisting of principal and interest; interest at 5.25%. 1,154,654

Total revenue bonds, notes payable and certificates of indebtedness \$3,000,476

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$3,413,728 are as follows:

Year ending June	General Obligation	Revenue	Total
2000	\$55,878	188,908	244,786

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

2001	50,365	188,908	239,273
2002	47,798	188,908	236,706
2003	10,700	188,908	199,608
2004	-	188,907	188,907
Thereafter	-	5,316,588	5,316,588
	\$164,741	6,261,127	6,425,868

\$49,414 is available in the Debt Service Funds to service the general obligation debt.

8. Capital leases

The Town of Homer has no outstanding capital lease obligations as of June 30, 1999.

9. Sales and use taxes collected

Under the provisions of the sales and use tax ordinance effective October 1, 1971, one per cent sales and use tax collected may be used for the following purposes:

- (a) Opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, and
- (b) Constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreation facilities, and industrial development facilities, and
- (c) Purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more said purposes, and
- (d) Provided that a minimum of twenty percent (20%) of the net revenues received from this tax shall be dedicated and used for industrial development facilities.

Under the provisions of the sales and use tax ordinance effective January 1, 1986, one per cent sales and use tax collected may be used for the following purposes (after paying the reasonable and necessary expenses of collecting and administering the tax):

- (a) Sixty per cent (60%) for constructing, paving, resurfacing, improving, and/or maintaining streets in and for the Town;
- (b) Ten per cent (10%) for constructing, acquiring, improving, and/or maintaining fire department stations and facilities for said Town, including fire trucks and appurtenances;
- (c) Ten per cent (10%) for constructing, acquiring, extending, improving, operating and/or maintaining recreational facilities for said Town;
- (d) Ten percent (10%) for constructing, acquiring, extending, improving, and/or maintaining police department facilities for said Town, including the acquisition of all necessary equipment; and
- (e) Ten per cent (10%) to be used for any one or more of the above purposes as may be determined by the governing authority of the Town.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

10. Pension Plan

Substantially all full time employees of the Town of Homer are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are multiple-employer (cost-sharing), public retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

- A. Municipal Employees Retirement System of Louisiana (System)—All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered earnings and the Town is required to contribute at an actuarially determined rate. The current rate is 5.75% of monthly annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ending June 30, 1999, 1998, and 1997 were \$20,892, \$18,581, and \$23,610, respectively, equal to the required contributions for each year.

- B. Municipal Police Employees Retirement System of Louisiana (System)—All full time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 1999, 1998, and 1997, were \$16,716, \$16,381, and \$11,046, respectively, equal to the required contributions for each year.

11. Deferred Compensation Plans - Employees of the Town of Homer who are not eligible to participate in the retirement system have an option to participate in the social security system or the Louisiana Deferred Compensation Plan. Under this plan, the a percentage is withheld from the employee which the town will match. At each payroll, a check is written to pay into the Louisiana Deferred Compensation Plan both the amounts withheld and the employer's matching portion. The plan can also be used as a savings plan, where amounts are withheld from the employees' checks and paid into the plan at each payroll. The town does not match withheld funds under this option. The Louisiana Deferred Compensation Plan is used by the Town strictly as a retirement or savings plan, no other benefits are paid under this plan. Also, in the case of an emergency, money may be drawn out by participants.

12. Expenditures - Actual and Budget -

The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 1999:

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

	BUDGET	ACTUAL	VARIANCE
General Fund	\$797,571	\$1,035,365	\$(237,794)
Street Dept. Sales Tax	302,600	356,043	(53,443)
Industrial Dev. Sales Tax	6,725	75,485	(68,760)
Fire Dept. Sales Tax	65,974	104,751	(38,777)

13. Reserved and designated Retained Earnings/Fund Balance-

The enterprise fund has certain restrictions due to bond indentures on funds. At June 30, 1999, the enterprise fund had the following amounts of retained earnings designated as reserved:

Reserve for revenue bond retirement	\$256,087
Reserve for bond depreciation and contingency	93,808

The debt service funds are designated for payment of general obligation bonds. At June 30, 1999, reserve debt service fund balance was \$49,414.

14. Litigations and claims

At June 30, 1999, there are no lawsuits or claims in which the Town is involved.

15. Deficit fund balance and/or retained earnings

The following individual fund had a deficit fund balance or retained earnings balance at June 30, 1999, based on general purpose financial statements prepared in accordance with generally accepted accounting principles.

General Fund	\$ (23,516)
--------------	-------------

16. Year 2000 issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

As stated in Note 1, the Town provides public services, public safety and various other public works to its citizens. The execution of these services generally does not rely upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Town's vendors, entities, and utility providers from which it obtains services has not been determined. As a result the effect of any of these entities' non-compliance with the year 2000 issue upon the Town has also not been determined. The Town's daily financial information is prepared through the use of a vendor accounting

Town of Homer, Louisiana  
Notes to Financial Statements  
June 30, 1999

software package.

For the year ended June 30, 1999, The Town of Homer, Louisiana, incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1999. However, during November 1998, the Town incurred remediation costs of \$34,423 concerning the year 2000 issue. These costs included hardware, software and training costs for a year 2000 compliant system to be used in the daily financial operations of the Town.



FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS

## GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Town of Homer, Louisiana  
General Fund  
Balance Sheet  
June 30, 1999

A-1

	<u>1999</u>
Assets	
Cash	\$ (62,798)
Interest bearing deposits	64,209
Receivables:	
Due from other funds	10,322
Returned Checks	144
Meter Deposits	<u>2,130</u>
Total assets	<u>\$ 14,007</u>
Liabilities and Fund Balance	
Accounts payable	\$ 8,728
Payroll withholdings	20,101
Due to other funds	<u>8,694</u>
Total Liabilities	<u>37,523</u>
Fund Balance:	
Unreserved	<u>(23,516)</u>
Total fund balance	<u>(23,516)</u>
Total liabilities and fund balance	<u>\$ 14,007</u>

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

TOWN OF HOMER  
General Fund

A-2

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Cash Basis) and Actual  
Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes	\$ 95,440	93,190	-	93,190	(2,250)
Licenses and permits	161,500	179,705	-	179,705	18,205
Intergovernmental	29,620	29,890	-	29,890	270
Interest	-	2,611	-	2,611	2,611
Fines and forfeitures	22,750	21,275	-	21,275	(1,475)
Miscellaneous	33,771	156,375	-	156,375	122,604
Total Revenues	<u>343,081</u>	<u>483,046</u>	<u>-</u>	<u>483,046</u>	<u>139,965</u>
Expenditures:					
General Government	307,513	437,659	(17,556)	455,215	(147,702)
Public Safety	307,197	343,165	(220)	343,385	(36,188)
Parks and Recreation	21,500	26,333	-	26,333	(4,833)
Public Works	10,236	7,980	(476)	8,456	1,780
Highways, Streets, Water and Sewer	110,000	156,170	-	156,170	(46,170)
Capital outlay	41,125	45,806	-	45,806	(4,681)
Total expenditures	<u>797,571</u>	<u>1,017,113</u>	<u>(18,252)</u>	<u>1,035,365</u>	<u>(237,794)</u>
Excess (deficiency) of revenues over expenditures	<u>(454,490)</u>	<u>(534,067)</u>	<u>(18,252)</u>	<u>(552,319)</u>	<u>(97,829)</u>
Other financing sources (uses)					
Operating transfers in	440,000	534,177	-	534,177	94,177
Total other financing sources	<u>440,000</u>	<u>534,177</u>	<u>-</u>	<u>534,177</u>	<u>94,177</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(14,490)</u>	<u>110</u>	<u>(18,252)</u>	<u>(18,142)</u>	<u>(3,652)</u>
Fund Balance at beginning of year	47,940	(23,625)	26,981	3,356	(44,584)
Fund Balance at end of year	<u>\$ 33,450</u>	<u>(23,515)</u>	<u>8,729</u>	<u>(14,786)</u>	<u>(48,236)</u>

TOWN OF HOMER  
General Fund

Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)  
Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>Taxes:</b>					
Ad valorem	95,440	93,190	-	93,190	(2,250)
<b>Licenses and permits:</b>					
Occupational licenses	50,000	58,341	-	58,341	8,341
Utility franchise fee	44,000	55,359	-	55,359	11,359
Building permits	1,300	2,869	-	2,869	1,569
Burial permits	1,200	1,450	-	1,450	250
Insurance premium taxes	65,000	61,687	-	61,687	(3,313)
Total licenses and permits	161,500	179,705	-	179,705	18,205
<b>Intergovernmental:</b>					
Homer Housing Authority	2,290	2,290	-	2,290	-
Louisiana tobacco tax	21,090	21,090	-	21,090	-
Louisiana beer tax	6,240	6,510	-	6,510	270
Total intergovernmental	29,620	29,890	-	29,890	270
Interest earned on investments	-	2,611	-	2,611	2,611
<b>Fines and Forfeitures:</b>					
Mayor's court fines	13,500	11,943	-	11,943	(1,557)
Mayor's court costs	7,700	8,072	-	8,072	372
Sheriff's civil fund	1,550	670	-	670	(880)
Miscellaneous police receipts	-	589	-	589	589
Total fines and forfeitures	22,750	21,275	-	21,275	(1,475)

TOWN OF HOMER  
 General Fund  
 Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)  
 Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Miscellaneous:					
Cemetery lot sales	5,000	2,350	-	2,350	(2,650)
All other	28,771	154,025	-	154,025	125,254
Total miscellaneous	33,771	156,375	-	156,375	122,604
Expenditures:					
Salaries - Mayor and Selectment	18,000	18,527	-	18,527	(527)
Salaries - Office	48,000	58,109	-	58,109	(10,109)
Salaries - Maintenance	27,000	21,684	-	21,684	5,316
Postage	3,900	3,995	-	3,995	(95)
Town Hall Supplies	4,000	2,734	(645)	3,378	622
Town Hall repairs	5,984	1,092	(14)	1,106	4,878
Machine maintenance	3,000	2,571	117	2,454	546
Accounting and Auditing	6,700	9,286	-	9,286	(2,586)
Legal Fees	4,500	11,271	3,358	7,913	(3,413)
Legal Advertising	1,100	1,411	(20)	1,431	(331)
Office Supplies	5,000	7,284	(181)	7,465	(2,465)
Dues and Subscriptions	1,600	1,855	-	1,855	(255)
Convention and travel	1,000	1,915	-	1,915	(915)
Tax Assessor's fees	1,200	1,145	-	1,145	55
Telephone	11,532	14,544	(2,355)	16,898	(5,366)
Gas and Heating	3,550	2,208	(54)	2,262	1,288
Electricity - Town Hall	36,000	61,670	(5,576)	67,246	(31,246)
Liability Insurance	22,447	48,499	397	48,102	(25,655)
Property Insurance	5,000	3,564	-	3,564	1,436
Workmen's Compensation	26,400	36,129	(4,629)	40,758	(14,358)
Employee Insurance	36,000	52,281	(5,916)	58,197	(22,197)
Employee's Retirement	17,200	34,344	-	34,344	(17,144)

TOWN OF HOMER  
 General Fund  
 Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)  
 Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Payroll taxes	9,500	13,595	-	13,595	(4,095)
Unemployment	600	40	(98)	137	463
Miscellaneous	6,200	25,308	(640)	25,948	(19,748)
Claiborne council on aging	1,200	800	(1,300)	2,100	(900)
VA Subsidy	900	1,800	-	1,800	(900)
Mainstreet Program	-	-	-	-	-
Total General Government	307,513	437,659	(17,556)	455,215	(147,702)
Public Safety:					
Police Department Salaries	260,000	277,531	-	277,531	(17,531)
Fire Department Salaries	-	25,940	-	25,940	(25,940)
Prisoner expense	30,500	24,680	707	23,974	6,526
Indigent defender	4,797	3,905	(241)	4,146	652
Coroner expense	4,100	6,660	-	6,660	(2,560)
Miscellaneous police	4,800	-	(1,355)	1,355	3,445
Animal control	3,000	4,449	669	3,780	(780)
Total Public Safety	307,197	343,165	(220)	343,385	(36,188)
Highways, Streets, Water and Sewer:					
Street Department Salaries	110,000	144,577	-	144,577	(34,577)
Water Department Salaries	-	7,969	-	7,969	(7,969)
Sewer Department Salaries	-	3,624	-	3,624	(3,624)
Total Highways, Streets, Water and Sewer	110,000	156,170	-	156,170	(46,170)

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

TOWN OF HOMER  
General Fund

Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)  
Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>Parks and Recreation:</b>					
Salaries - recreation	4,500	4,400	-	4,400	100
Salaries - Homer natatorium	8,500	11,336	-	11,336	(2,836)
Salaries - Mayfield natatorium	8,500	10,387	-	10,387	(1,887)
Recreation expenses	-	210	-	210	(210)
<b>Total Parks and Recreation</b>	<b>21,500</b>	<b>26,333</b>	<b>-</b>	<b>26,333</b>	<b>(4,833)</b>
<b>Public Works:</b>					
Cemetery supplies and expense	336	(425)	-	(425)	761
Airport supplies	3,400	2,723	57	2,666	734
Museum expense	6,000	5,093	(533)	5,626	374
Tourist commission	500	589	-	589	(89)
<b>Total Public Works</b>	<b>10,236</b>	<b>7,980</b>	<b>(476)</b>	<b>8,456</b>	<b>1,780</b>
<b>Capital outlay:</b>					
Capital outlay - computer	23,625	16,114	-	16,114	7,511
Capital outlay - town hall	17,500	29,692	-	29,692	(12,192)
<b>Total Capital outlay</b>	<b>41,125</b>	<b>45,806</b>	<b>-</b>	<b>45,806</b>	<b>(4,681)</b>
<b>Other financing sources:</b>					
<b>Operating transfers:</b>					
Sales tax fund #1	360,000	429,337	-	429,337	69,337
Street fund	60,000	60,000	-	60,000	-
Fire fund	-	24,840	-	24,840	24,840
Recreation fund	20,000	20,000	-	20,000	-
<b>Total other sources</b>	<b>440,000</b>	<b>534,177</b>	<b>-</b>	<b>534,177</b>	<b>94,177</b>



## SPECIAL REVENUE FUNDS

### SALES TAX FUND

Funds used to account for the receipt and use of proceeds of the Town's sales and use taxes.

Under the provisions of the sales and use tax ordinance effective October 1, 1971, the one per cent sales and use tax collected may be used for the following purposes:

- a) Opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges and
- b) Constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreation facilities, and industrial development facilities, and
- c) Purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements shall be in the public or for any one or more said purposes, and
- d) Provided that a minimum of twenty percent (20%) of the new revenues received from this tax shall be dedicated and used for industrial development facilities.

### INDUSTRIAL DEVELOPMENT FUND

Fund used to account for the twenty percent (20%) of the net revenues of the sales and use tax which is dedicated and used for industrial development facilities.

### STREET DEPARTMENT FUND

Fund used to account for the operations of the street maintenance department. Financing is provided by a one cent sales and use tax ordinance effective January 1, 1986 which states that after paying the reasonable and necessary expenses of collecting and administering the tax: Sixty percent (60%) would be used for constructing, paving, resurfacing, improving, and/or maintaining street in and for the Town. Additional financing is provided from maintenance of the landfill and other miscellaneous sources related to street department activities.

### FIRE DEPARTMENT FUND

Fund used to account for the operations of the fire department. Financing is provided by a one cent sales and use tax ordinance effective January 1, 1986 which states that after paying the reasonable and necessary expenses of collecting and administering the tax: Ten percent (10%) would be for constructing, paving, resurfacing, improving and/or maintaining fire department stations and facilities for said Town, including fire trucks and appurtenances. Additional funding is provided by the Town's share of State Fire Insurance funds and other miscellaneous sources related to the fire department.

#### POLICE DEPARTMENT FUND

Fund used to account for the operations of the police department. Financing is provided by a one cent sales and use tax ordinance effective January 1, 1986 which states that after paying the reasonable and necessary expenses of collecting and administering the tax: Ten percent (10%) would be for constructing, acquiring, extending, improving, operating and/or maintaining police department facilities for said Town, including the acquisition of all necessary equipment. Additional funding is provided by the Mayor's court, Sheriff's Civil Fund and other miscellaneous sources related to the police department.

#### RECREATION DEPARTMENT FUND

Fund used to account for the operations of the recreation department. Financing is provided by a one cent sales and use tax ordinance effective January 1, 1986 which states that after paying the reasonable and necessary expenses of collecting and administering the tax: Ten percent (10%) would be used for constructing, acquiring, expending, improving, operating and/or maintaining recreational facilities for said Town. Additional funding is provided by miscellaneous sources related to the recreation department.

#### CONTINGENCY SALES TAX FUND

Fund used to account for the receipt and use of proceeds of the Town's sales and use tax. Under the provisions of the sales and use ordinance effective January 1, 1986 ten percent is to be used for any one or more of the purposes that the remaining 90% of the tax is allowed for. The apportionment of this 10% will be determined by the governing authority of the Town.

#### TOURISM SALES TAX FUND

Fund used to account for a portion of state sales tax collected on hotel/motel occupancy received by the Town of Homer. These monies are to be used solely for economic development within the Town of Homer.

TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 1999

B-1

	Sales Tax Fund	Industrial Development	Street Fund	Fire Fund	Recreation Fund	Police Fund	Contingency Fund	Tourism Fund	1999
<b>ASSETS</b>									
Cash	\$ (29,743)	173,176	24,622	71,100	20,500	9,616	4,174	21,512	294,956
Interest bearing deposits	61,108	-	-	-	-	-	-	-	61,108
Due from other funds	-	7,000	-	-	-	-	-	-	7,000
Other assets	-	250	-	-	-	-	-	-	250
<b>Total Assets</b>	<b>\$ 31,365</b>	<b>180,426</b>	<b>24,622</b>	<b>71,100</b>	<b>20,500</b>	<b>9,616</b>	<b>4,174</b>	<b>21,512</b>	<b>363,314</b>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities:</b>									
Accounts payable	\$ -	-	20,531	1,381	1,894	3,073	-	-	26,878
Due to other funds	7,000	-	-	-	-	-	-	5,272	12,272
<b>Total liabilities</b>	<b>7,000</b>	<b>-</b>	<b>20,531</b>	<b>1,381</b>	<b>1,894</b>	<b>3,073</b>	<b>-</b>	<b>5,272</b>	<b>39,150</b>
<b>Fund Balances</b>									
Unreserved & undesignated	24,365	180,426	4,091	69,719	18,606	6,543	4,174	16,240	324,163
<b>Total Liabilities and Fund Balance</b>	<b>\$ 31,365</b>	<b>180,426</b>	<b>24,622</b>	<b>71,100</b>	<b>20,500</b>	<b>9,616</b>	<b>4,174</b>	<b>21,512</b>	<b>363,313</b>

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

TOWN OF HOMER  
 SPECIAL REVENUE FUNDS  
 Combining Statement of Revenue Expenditures and Changes in Fund Balance  
 For the year ended June 30, 1999

	Sales Tax Fund	Industrial Development	Street Fund	Fire Fund	Recreation Fund	Police Fund	Contingency Fund	Tourism Fund	1999
<b>REVENUES:</b>									
Taxes	\$ 427,477	-	256,486	42,748	42,748	42,748	42,748	11,476	866,431
Intergovernmental	-	-	-	37,441	-	1,559	-	-	39,000
Interest	2,985	1,914	606	1,093	36	292	163	39	7,128
Miscellaneous	-	-	43,443	1,010	12,726	4,466	-	-	61,645
<b>Total Revenues</b>	<b>430,462</b>	<b>1,914</b>	<b>300,535</b>	<b>82,292</b>	<b>55,510</b>	<b>49,065</b>	<b>42,911</b>	<b>11,515</b>	<b>974,204</b>
<b>Expenditures:</b>									
General government	11,891	-	-	-	-	-	1,189	-	13,080
Public safety	-	-	-	40,928	-	58,819	-	-	99,747
Highways and streets	-	-	305,123	-	-	-	-	-	305,123
Parks and recreation	-	-	-	-	33,459	-	-	-	33,459
Industrial development	-	18,158	-	-	-	-	-	-	18,158
Capital outlay	-	36,873	60,686	10,723	2,151	28,078	-	-	138,511
Debt Service	-	20,455	-	54,087	-	-	-	-	74,542
<b>Total expenditures</b>	<b>11,891</b>	<b>75,485</b>	<b>365,809</b>	<b>105,738</b>	<b>35,610</b>	<b>86,897</b>	<b>1,189</b>	<b>-</b>	<b>682,620</b>
<b>Excess of revenue over expenditures (expenditures over revenues):</b>	<b>418,571</b>	<b>(73,571)</b>	<b>(65,274)</b>	<b>(23,446)</b>	<b>19,900</b>	<b>(37,832)</b>	<b>41,721</b>	<b>11,515</b>	<b>291,584</b>
<b>Other Sources and Uses:</b>									
Operating Transfers from (to):									
Special revenue funds	(83,117)	73,117	10,000	10,000	18,000	23,000	(51,000)	-	-
General fund	(429,337)	-	-	-	(20,000)	-	-	-	(449,337)
<b>Total other sources(uses)</b>	<b>(512,454)</b>	<b>73,117</b>	<b>10,000</b>	<b>10,000</b>	<b>(2,000)</b>	<b>23,000</b>	<b>(51,000)</b>	<b>-</b>	<b>(449,337)</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>(93,883)</b>	<b>(454)</b>	<b>(55,274)</b>	<b>(13,446)</b>	<b>17,900</b>	<b>(14,832)</b>	<b>(9,279)</b>	<b>11,515</b>	<b>(157,753)</b>
<b>Fund balance beginning of year</b>	<b>118,248</b>	<b>180,880</b>	<b>59,365</b>	<b>83,165</b>	<b>706</b>	<b>21,375</b>	<b>13,453</b>	<b>4,725</b>	<b>481,917</b>
<b>Fund balance end of year</b>	<b>\$ 24,365</b>	<b>\$ 180,426</b>	<b>\$ 4,091</b>	<b>\$ 69,719</b>	<b>\$ 18,606</b>	<b>\$ 6,543</b>	<b>\$ 4,174</b>	<b>\$ 16,240</b>	<b>\$ 324,164</b>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
SALES TAX FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash basis) and Actual - Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 423,000	427,477	(11,891)	415,586	(7,414)
Interest	1,300	2,985	-	2,985	1,685
Total Revenues	<u>424,300</u>	<u>430,462</u>	<u>(11,891)</u>	<u>418,571</u>	<u>(5,729)</u>
Expenditures:					
General government	-	11,891	(11,891)	-	-
Overhead collection expense	-	-	-	-	-
Administrative expense	-	-	-	-	-
Total General government	<u>-</u>	<u>11,891</u>	<u>(11,891)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>424,300</u>	<u>418,571</u>	<u>-</u>	<u>418,571</u>	<u>(5,729)</u>
Other uses:					
Operating transfers from (to):					
General Fund	(360,000)	(429,337)	-	(429,337)	(69,337)
Special revenue funds	(84,600)	(83,117)	-	(83,117)	1,483
Total other uses	<u>(444,600)</u>	<u>(512,454)</u>	<u>-</u>	<u>(512,454)</u>	<u>(67,854)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(20,300)</u>	<u>(93,883)</u>	<u>-</u>	<u>(93,883)</u>	<u>(73,583)</u>
Fund balance beginning of year	140,612	118,248	-	118,248	(22,364)
Fund balance end of year	<u>\$ 120,312</u>	<u>24,365</u>	<u>-</u>	<u>24,365</u>	<u>(95,947)</u>

TOWN OF HOMER  
 SPECIAL REVENUE FUNDS  
 INDUSTRIAL DEVELOPMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Cash basis) and Actual - year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Interest earned	\$ 3,641	1,914	-	1,914	(1,727)
Total Revenues	<u>3,641</u>	<u>1,914</u>	<u>-</u>	<u>1,914</u>	<u>(1,727)</u>
<b>Expenditures:</b>					
Industrial development expenses	6,725	18,158	-	18,158	(11,433)
Capital outlay	-	36,873	-	36,873	(36,873)
Debt service	-	20,455	-	20,455	(20,455)
Total expenditures	<u>6,725</u>	<u>75,485</u>	<u>-</u>	<u>75,485</u>	<u>(68,760)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,084)</u>	<u>(73,571)</u>	<u>-</u>	<u>(73,571)</u>	<u>(70,487)</u>
<b>Other sources and uses:</b>					
Operating transfers from (to):					
Special revenue fund	74,600	73,117	-	73,117	(1,483)
Total other sources (uses)	<u>74,600</u>	<u>73,117</u>	<u>-</u>	<u>73,117</u>	<u>(1,483)</u>
Excess (deficiency) of revenues over expenditures and other uses	71,516	(454)	-	(454)	(71,970)
Fund balance beginning of year	196,377	180,880	-	180,880	(15,497)
Fund balance end of year	<u>\$ 267,893</u>	<u>180,426</u>	<u>-</u>	<u>180,426</u>	<u>(87,467)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
STREET DEPARTMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash basis) and Actual - year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 253,800	256,486	(7,135)	249,351	(4,449)
Interest Earned	-	606	-	606	606
Miscellaneous Revenue	29,600	43,443	-	43,443	13,843
Total Revenues	<u>283,400</u>	<u>300,535</u>	<u>(7,135)</u>	<u>293,400</u>	<u>10,000</u>
Expenditures:					
Highway and Street:					
Collection fee	-	7,135	(7,135)	-	-
Salaries	60,000	60,000	-	60,000	-
Supplies and expense	160,000	237,123	1,767	235,356	(75,356)
Prisoner expense	23,000	865	865	-	23,000
Capital outlay	59,600	60,686	-	60,686	(1,086)
Total Expenditures	<u>302,600</u>	<u>365,809</u>	<u>(4,504)</u>	<u>356,043</u>	<u>(53,443)</u>
Excess (deficiency) of revenues over expenditures	<u>(19,200)</u>	<u>(65,274)</u>	<u>(11,639)</u>	<u>(62,642)</u>	<u>(43,442)</u>
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Fund	10,000	10,000	-	10,000	-
Total other sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(9,200)</u>	<u>(55,274)</u>	<u>2,631</u>	<u>(52,642)</u>	<u>(43,442)</u>
Fund balance beginning of year	45,662	59,365	17,899	77,264	31,602
Fund balance end of year	<u>\$ 36,462</u>	<u>4,091</u>	<u>20,530</u>	<u>24,622</u>	<u>(11,840)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
FIRE DEPARTMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash basis) and Actual - year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 42,300	42,748	(1,189)	41,559	(741)
Intergovernmental:					
L.A. Fire Ins. Rebate	12,232	12,441	-	12,441	209
Claiborne Parish Fire Dist.4	25,000	25,000	-	25,000	-
Interest	-	1,093	-	1,093	1,093
Miscellaneous Revenue	-	1,010	-	1,010	1,010
Total Revenues	<u>79,532</u>	<u>82,292</u>	<u>(1,189)</u>	<u>81,103</u>	<u>1,571</u>
Expenditures:					
Public Safety:					
Collection Fee	-	1,189	(1,189)	-	-
Salaries	24,974	24,840	-	24,840	134
Supplies expense	14,000	14,899	202	15,101	(1,101)
Capital Outlay	-	10,723	-	10,723	(10,723)
Debt Service	27,000	54,087	-	54,087	(27,087)
Total Expenditures	<u>65,974</u>	<u>105,738</u>	<u>(987)</u>	<u>104,751</u>	<u>(38,777)</u>
Excess (deficiency) of revenues over expenditures	<u>13,558</u>	<u>(23,446)</u>	<u>(202)</u>	<u>(23,648)</u>	<u>(37,206)</u>
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Funds	10,000	10,000	-	10,000	-
Total other sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>23,558</u>	<u>(13,446)</u>	<u>(202)</u>	<u>(13,648)</u>	<u>(37,206)</u>
Fund balance beginning of year	<u>87,609</u>	<u>83,165</u>	<u>1,583</u>	<u>84,748</u>	<u>(2,861)</u>
Fund balance end of year	<u>\$ 111,167</u>	<u>69,719</u>	<u>1,381</u>	<u>71,100</u>	<u>(40,067)</u>

The accompanying notes are an integral part of these financial statements



TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
RECREATION DEPARTMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash basis) and Actual - year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales tax	\$ 42,300	42,748	(1,189)	41,559	(741)
Interest Earned	-	36	-	36	36
Miscellaneous revenue	-	12,726	-	12,726	12,726
Total Revenues	42,300	55,510	(1,189)	54,321	12,021
Expenditures:					
Parks and recreation:					
Collection fee	-	1,189	(1,189)	-	-
Capital outlay	-	2,151	-	2,151	(2,151)
Supplies and expense	45,100	32,269	275	32,545	12,555
Total Expenditures	45,100	35,610	(914)	34,696	10,404
Excess (deficiency) of revenues over expenditures	(2,800)	19,900	(275)	19,625	22,425
Other sources and uses:					
Operating transfers from (to):					
General fund	(20,000)	(20,000)	-	(20,000)	-
Special revenue funds	20,000	18,000	-	18,000	2,000
Total other sources (uses)	-	(2,000)	-	(2,000)	2,000
Excess (deficiency) of revenues over expenditures and other uses	(2,800)	17,900	(275)	17,625	20,425
Fund balance beginning of year	4,359	706	2,169	2,875	(1,484)
Fund balance end of year	\$ 1,559	\$ 18,606	\$ 1,894	\$ 20,500	\$ 18,941

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
SPECIAL REVENUE FUNDS  
POLICE DEPARTMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash basis) and Actual - year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 42,300	42,748	(1,189)	41,559	(741)
Intergovernmental:					
Grant Revenue	-	1,559	-	1,559	1,559
Interest Earned	-	292	-	292	292
Miscellaneous Revenue	12,000	4,466	-	4,466	(7,534)
Total Revenues	54,300	49,065	(1,189)	47,876	(6,424)
Expenditures:					
Public Safety:					
Collection fee	-	1,189	(1,189)	-	-
Supplies and expense	63,000	57,529	1,857	59,387	3,614
Narcotic expense	4,000	100	-	100	3,900
Capital outlay	37,000	28,078	-	28,078	8,922
Total Expenditures	104,000	86,897	668	87,565	16,435
Excess (deficiency) of revenues over expenditures	(49,700)	(37,832)	(1,857)	(39,689)	10,011
Other sources and uses:					
Operating transfers from (to):					
Special revenue funds	23,000	23,000	-	23,000	-
Total other sources (uses)	23,000	23,000	-	23,000	-
Excess (deficiency) of revenues over expenditures and other uses	(26,700)	(14,832)	(1,857)	(16,689)	10,011
Fund balance beginning of year	28,929	21,375	4,930	26,305	(2,624)
Fund balance end of year	\$ 2,229	6,543	3,073	9,616	7,387

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
 SPECIAL REVENUE FUNDS  
 CONTINGENCY SALES TAX FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Cash basis) and Actual - Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax	\$ 42,300	42,748	(1,189)	41,559	(741)
Interest revenue	-	163	-	163	163
Total revenues	42,300	42,910	(1,189)	41,721	(579)
<b>Expenditures:</b>					
Overhead collection expense	-	1,189	(1,189)	-	-
Miscellaneous expense	-	-	-	-	-
Total expenditures	-	1,189	(1,189)	-	-
Excess (deficiency) of revenues over expenditures	42,300	41,721	-	41,721	(579)
<b>Other uses:</b>					
Operating transfers from (to):					
Special revenue funds	(53,000)	(51,000)	-	(51,000)	2,000
Total other uses	(53,000)	(51,000)	-	(51,000)	2,000
Excess (deficiency) of revenues over expenditures and other uses	(10,700)	(9,279)	-	(9,279)	1,421
Fund balance beginning of year	13,316	13,453	-	13,453	137
Fund balance end of year	\$ 2,616	4,174	-	4,174	1,558

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
 SPECIAL REVENUE FUNDS  
 TOURISM SALES TAX FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Cash basis) and Actual - Year ended June 30, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales tax	-	11,476	-	11,476	11,476
Interest revenue	-	39	-	39	39
Total revenues	-	11,515	-	11,515	11,515
Expenditures:					
General government	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	11,515	-	11,515	11,515
Other uses:					
Operating transfers from (to):					
Special revenue funds	-	-	-	-	-
Total other uses	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other uses	-	11,515	-	11,515	11,515
Fund balance beginning of year	-	4,725	-	4,725	4,725
Fund balance end of year	-	16,240	-	16,240	16,240

The accompanying notes are an integral part of these financial statements

## DEBT SERVICE FUNDS

### 1996 Certificate of Indebtedness:

To accumulate monies for the payment of the 1996 \$134,000 Certificate of Indebtedness, which is due in annual installments, plus interest, through maturity in 2001. Debt service is financed by sales tax collections in the Fire Department Fund.

### 1998 Certificate of Indebtedness:

To accumulate monies for the payment of the 1998 \$73,700 Certificate of Indebtedness, which is due in annual installments, principal only, through maturity in 2002. Debt service is financed by sales tax collections in the Industrial Fund and rental revenues from the rental of the industrial building.

TOWN OF HOMER  
 DEBT SERVICE FUNDS  
 Combining Balance Sheet  
 June 30, 1999

C-1

	Water System 7-1-67	Public Improvement 3-1-73"A"	Fire Sinking 1996	Industrial Development 1998	Totals 1999
<b>ASSETS</b>					
Cash	\$ -	-	23,747	21,481	45,228
Interest bearing deposits	4,185	-	-	-	4,185
<b>Total Assets</b>	<b>\$ 4,185</b>	<b>-</b>	<b>23,747</b>	<b>21,481</b>	<b>49,414</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Interest Payable	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Unreserved & undesignated	4,185	-	23,747	21,481	49,414
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,185</b>	<b>-</b>	<b>23,747</b>	<b>21,481</b>	<b>49,414</b>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
DEBT SERVICE FUNDS

Combining Statement of Revenue Expenditures and Changes in Fund Balance  
June 30, 1999

	Water System 7-1-67	Public Improvement 3-1-73"A"	Fire Sinking 1996	Industrial Development 1998	1999
REVENUES:					
Interest earned on investment	\$ 240	4	32	-	276
Total Revenues	<u>240</u>	<u>4</u>	<u>32</u>	<u>-</u>	<u>276</u>
EXPENDITURES:					
Miscellaneous Expense	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	240	4	32	-	276
Other uses:					
Operating transfers from (to):					
Transfer to Industrial Sinking	-	(1,026)	-	1,026	-
Transfer from Special Revenue	-	-	23,715	20,455	44,170
Transfer to Water Sinking	(5,613)	-	-	-	(5,613)
Total other uses	<u>(5,613)</u>	<u>(1,026)</u>	<u>23,715</u>	<u>21,481</u>	<u>38,557</u>
Excess (deficiency) of revenues over expenditures and other uses	(5,373)	(1,022)	23,747	21,481	38,834
Fund Balance at beginning of year	9,558	1,022	-	-	10,580
Fund Balance at end of year	\$ 4,185	\$ -	\$ 23,747	\$ 21,481	\$ 49,414

## ENTERPRISE FUNDS

### Utilities and Sanitation:

To account for the provision of water, sewer and sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection. Additionally, this fund accounts for revenue earned and expenses incurred under the terms of an electric plant operating agreement with Entergy (formerly Louisiana Power and Light Company).



TOWN OF HOMER  
 ENTERPRISE FUND  
 Proprietary Fund Type - Utilities and Sanitation  
 Balance Sheet  
 June 30, 1999

	<u>1999</u>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash	\$ 78,434
Interest-bearing deposits	239,650
Due from Other Funds	13,966
Accounts receivable:	
Utilities and sanitation (net of allowance)	<u>130,053</u>
Total current assets	<u>462,103</u>
<b>Restricted Assets:</b>	
Bond reserve account	28,048
Customer's meter deposits	101,854
Bond interest and redemption account	256,087
Depreciation and contingency account	<u>76,108</u>
Total restricted assets	<u>462,097</u>
Property, plant and equipment	10,793,881
Less: accumulated depreciation	<u>(3,925,491)</u>
	<u>6,868,390</u>
Total Assets	<u>\$ 7,792,590</u>

The accompanying notes are an integral part of this statement

	<u>1999</u>
<b>LIABILITIES AND FUND EQUITY</b>	
Current liabilities (payable from current assets):	
Accounts payable	<u>\$ 36,332</u>
Current liabilities (payable from restricted assets):	
Revenue bonds and notes	28,821
Accrued interest	59,498
Customer's deposits	<u>84,395</u>
Total	<u>172,714</u>
 Total current liabilities	 <u>209,046</u>
Long-term liabilities:	
Revenue bonds	2,842,776
Less current portion	<u>(28,821)</u>
Total long-term liabilities	<u>2,813,955</u>
 Total liabilities	 <u>3,023,001</u>
Fund equity:	
Contributions	<u>3,832,401</u>
Retained Earnings	
Reserved for revenue bond retirement	256,087
Reserved for bond depreciaton and contingency	93,808
Unreserved	<u>587,293</u>
Total retained earnings	<u>937,188</u>
 Total fund equity	 <u>4,769,589</u>
 Total liabilites and fund equity	 <u>\$ 7,792,590</u>

TOWN OF HOMER  
 ENTERPRISE FUND  
 Proprietary Fund Type - Utilities and Sanitation  
 Statement of Revenues, Expenses and Changes in Retained Earnings  
 For the fiscal year ended June 30, 1999

D-2

	<u>1999</u>
Operating Revenues:	
Water sales and service	\$ 273,400
Operating agreement - Entergy	55,004
Sewer System	408,025
Sanitation	160,180
Delinquent charges	24,842
Miscellaneous	1,559
Total operating revenues	<u>923,010</u>
Operating expenses:	
Water department	181,729
Sewer department	108,217
Sanitation department	130,067
General and administrative	578,342
Total operating expenses	<u>998,355</u>
Operating income (loss)	<u>(75,345)</u>
Nonoperating revenues (expenses):	
Interest income	22,548
Interest expense	<u>(153,197)</u>
Total nonoperating revenues and expenses	<u>(130,649)</u>
Income (loss) before operating transfers	(205,994)
Operating transfers:	
Transfers out	<u>3,103</u>
Net income (loss)	(202,891)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	7,583
Retained earnings at beginning of year	<u>1,132,496</u>
Retained earnings at end of year	<u>\$ 937,188</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER  
 ENTERPRISE FUND  
 Proprietary Fund Type - Utilities and Sanitation  
 Schedule of Expenses by Departments  
 For the fiscal year ended June 30, 1999

D-3

	<u>1999</u>
Water Department Expenses:	
Salaries	101,876
Electricity	31,989
Supplies expense	40,760
Miscellaneous	7,104
Total water department	<u>181,729</u>
Sewer Department Expenses:	
Salaries	15,309
Electricity	18,323
Supplies expense	74,585
Total sewer department	<u>108,217</u>
Sanitation Department Expenses:	
Contract services	<u>130,067</u>
General and Administrative Expenses:	
Salaries Mayor, Council and Office	61,936
Postage	3,665
Townhall supplies, repairs and maintenance	7,100
Legal and accounting	19,960
Office supplies	8,495
Convention and travel	1,271
Telephone	13,327
Utilities	44,739
Insurance	87,909
Employees benefits	17,598
Payroll taxes	7,807
Miscellaneous	37,707
Utility fund depreciation	235,477
Bad debt expense	34,192
Accrued vacation expense	(2,841)
Total general and administrative expense	<u>578,342</u>
Total expenses	<u>998,355</u>

The accompanying notes are an integral part of these financial statements

## TRUST AND AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

### **Police Bond Fund:**

To account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for civil offenses. Bonds posted by the violators are held until their cases are heard in Mayor's Court. At that time, the bonds for persons convicted of violations are distributed to the General Fund. If a person posting the bond is found to be not guilty, the bonds are refunded.

TOWN OF HOMER  
 AGENCY FUNDS  
 POLICE BOND FUND  
 Balance Sheet  
 June 30, 1999

E-1

	<u>1998</u>
<b>ASSETS</b>	
Cash	\$ 10,322
 Total Assets	 <u>\$ 10,322</u>
 <b>LIABILITIES</b>	
Due to General Fund	<u>\$ 10,322</u>
 Total Liabilites	 <u>\$ 10,322</u>

Statement of changes in Assets and Liabilities

	<u>Balance</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/99</u>
<b>ASSETS</b>				
Cash	\$ 10,500	19,827	20,005	10,322
 Total Assets	 <u>\$ 10,500</u>	 <u>19,827</u>	 <u>20,005</u>	 <u>10,322</u>
 <b>LIABILITIES</b>				
Due to General Fund	\$ 10,500	19,827	20,005	10,322
 Total Liabilites	 <u>\$ 10,500</u>	 <u>19,827</u>	 <u>20,005</u>	 <u>10,322</u>

The accompanying notes are an integral part of these financial statements

**GENERAL FIXED ASSETS ACCOUNT GROUP**

To account for fixed assets not used in proprietary fund operations.

Town of Homer  
Statement of General Fixed Assets  
Balance Sheet  
June 30, 1999

F-1

	<u>1999</u>
General Fixed Assets at cost:	
Land	\$ 87,743
Buildings	1,116,144
Improvements other than buildings	4,428,986
Airport	464,188
Equipment	<u>1,077,030</u>
 Total General Fixed Assets	 <u><u>\$ 7,174,091</u></u>
 Investment in general fixed assets:	
 Property acquired prior to July 1, 1953	 \$ 20,797
 Property acquired after July 1, 1953, from:	
General obligation bonds	747,517
Federal and state grants	3,284,425
Donations	53,000
General fund revenues	717,063
Sales tax and special revenue funds	2,188,356
Federal reveue sharing funds	<u>162,933</u>
 Total investment in general fixed assets	 <u><u>\$ 7,174,091</u></u>

The accompanying notes are an integral part of these financial statements



TOWN OF HOMER  
 Statement of Changes in Fixed Assets  
 Year ended June 30, 1999

	Land	Buildings	Improvements Other than Buildings	Airport	Equipment	Total
General fixed assets at beginning of year	\$ 87,743	984,486	4,405,450	464,188	974,207	6,916,074
Additions:						
General fund revenues	-	29,692	-	-	16,114	45,806
Federal and state grants	-	-	-	-	-	-
Sales tax and special revenue fund revenues	-	101,966	23,536	-	86,709	212,211
Total additions	-	131,658	23,536	-	102,823	258,017
Total balances and additions	87,743	1,116,144	4,428,986	464,188	1,077,030	7,174,091
Deductions:						
Assets sold, traded, junked	-	-	-	-	-	-
Total deductions	-	-	-	-	-	-
General fixed assets at end of year	\$ 87,743	1,116,144	4,428,986	464,188	1,077,030	7,174,091

GENERAL LONG-TERM DEBT  
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payments of matured obligations, including interest, are accounted for in the debt service funds.

TOWN OF HOMER

Statement of General Long-Term Debt

June 30, 1999

	1996 Certificate of indebtedness	1998 Certificate of indebtedness	Unpaid Balance	Totals 1999
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AMOUNTS AVAILABLE AND TO BE PROVIDED

FOR PAYMENT OF GENERAL LONG-TERM

DEBT

Amount available in debt service fund  
for debt retirement

\$ 23,747      \$ 21,481      -      45,228

Funds to be provided from:

General fund revenues

Ad valorem taxes

Sales taxes

-	-	11,604	-	11,604
60,253	52,219	-	-	112,472
<u>\$ 84,000</u>	<u>\$ 73,700</u>	<u>11,604</u>	<u>-</u>	<u>169,304</u>

GENERAL LONG-TERM DEBT PAYABLE

Bonds, certificates of indebtedness,  
deferred payment contracts, and unpaid vacation

\$ 84,000      \$ 73,700      11,604      169,304

The accompanying notes are an integral part of these statements

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF HOMER  
 Schedule of Compensation Paid Board Members  
 June 30, 1999

	Period	Amount
Huey Dean, Mayor	7/1/98-12/31/98	\$ 6,000
David Aubrey, Mayor	1/1/99-6/30/99	6,000
Aldermen:		
Jesse E Watson, Jr	1/1/99-6/30/99	2,400
Keith Beard	1/1/99-6/30/99	2,400
Patricia Jenkins	1/1/99-6/30/99	2,400
Scott Roberson	7/1/98-6/30/99	4,800
Joseph Merritt, Jr.	7/1/98-6/30/99	4,800
Don Ceccarello	7/1/98-12/31/98	2,400
Roger Zachary	7/1/98-12/31/98	2,400
		<u>33,600</u>

TOWN OF HOMER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1999

**A. SUMMARY OF AUDIT RESULTS**

We have audited the general purpose financial statements of the Town of Homer, Louisiana as of and for the year ended June 30, 1999. As a result of our audit, we have issued a qualified opinion on the general purpose financial statements and an unqualified opinion on the compliance requirements as described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Town's major programs.

1. The Town of Homer, Louisiana had the following major federal award programs:

Sewer and Water Revenue Bonds purchased by U.S. Department of Agriculture through  
Rural Development - CFDA No. 10.418

8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. The Town of Homer, Louisiana was determined to be a low-risk auditee.

**B. FINDINGS and QUESTIONED COSTS**

**Section I – Internal Control and Compliance Material to the Financial Statements**

**FINANCIAL STATEMENTS AUDIT**

**99-1: Preparation of Financial information**

*Fiscal Year Initially Occurred: June 30, 1999*

LSA-RS 24:514, 24:515, and/or 33:463 require that adequate records be maintained to provide evidence of compliance and the preparation of annual financial statements. Upon initial request for the books and records of the town of Homer we found the following problems. The general ledger for the year ended June 30, 1999 was not in balance. The cash accounts on the general ledger had not been timely reconciled. The town's employees reconciled and located the variances in November 1999 to present us with information to assist them in preparing the financial statements and for us to conduct an audit. During the audit process, due to the change of administrations and personnel during the year being audited, we found it very difficult to match invoices with checks and deposits with receipts in the various general ledger accounts. The booking to the general ledger of the utility billings was not done monthly. Therefore accounts receivable per the general ledger and the subsidiary reports could not be reconciled timely.

We recommend the town ensure that accounting personnel have adequate time to perform their specific duties and adequate training to timely reconcile the financial accounts and review the postings to the general ledger for accuracy. This will allow the town management to receive monthly reports of budget versus actual revenues and expenditures and be better informed on how to manage the town's resources.

**99-2: Filing of Audited Financial Reports**

*Fiscal Year Finding Initially Occurred: June 30, 1999*

LSA-RS 24:513, 24:514, 33:463 and/or 39:92 require that financial statements be audited and filed with the Legislative Auditor within six months of the year-end. Due to the financial reporting problems noted in Item 99-1 above the financial statements were not timely filed. With the town's management addressing item 99-1 above the information to file audited financial statements on a timely manner should be addressed.

**Asset Management Laws**

**99-3: Fixed Asset Inventory**

*Fiscal Year Finding Initially Occurred: June 30, 1999*

LSA-RS 24:515 and 39:324 requires that political subdivisions of the State keep adequate records of general fixed assets and movable property. The designated property manager shall make a complete physical inventory of the property once each fiscal year and these amounts should be reconciled to the financial records. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

During our audit we could find no evidence that an inventory of the fixed assets was taken as of June 30, 1999.

**Section II – Internal Control and Compliance Material to Federal Awards**

The results of our auditing procedures of the general purpose financial statements as of and for the year ended June 30, 1999, of the Town of Homer, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

TOWN OF HOMER, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 1999

**PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS**

Prior Audit Findings Related to Compliance

Finding 98-4

*Condition:* The Town of Homer, Louisiana has not made the required monthly deposits into a Sinking Fund, Reserve Fund, and Depreciation and Contingency Fund as per the covenants of the Sewer Revenue Bonds in a timely manner.

*Recommendation:* Deposits into the debt covenant funds required by the Sewer Revenue Bonds, dated June 28, 1996, funds should be made for the amounts which should have accumulated since the inception of the debt covenant requirements and the required monthly deposits should commence.

*Current status:* The Town's management followed the recommendation. No similar findings were noted in the audit for the year ended June 30, 1999.

**PRIOR AUDIT FINDINGS RELATED TO FINANCIAL STATEMENTS**

Prior Audit Findings Related to Compliance

Finding 98-1

*Condition:* The Town sold a vehicle to an employee without following the formal public bid process. Louisiana R. S. 33:4712 requires a public bid process for the sale of property no longer needed for public purposes

*Recommendation:* The Town should follow the public bid process as required by Louisiana R. S. 33:4712 whenever property is to be sold.

*Current status:* The Town followed the public bid process when excess property was sold. No similar findings were noted for the audit for the year ended June 30, 1999.

Finding 98-2

*Condition:* The accounts receivable of the Town of Homer, Louisiana's Enterprise Fund lists customers with past due accounts greater than ninety (90) days old for whom utility services are on going. In essence, by continuing to provide utility services to past due accounts resulting in a loan to the past due customers by the Town. Louisiana Constitution Article 7, Section 14 prohibits the funds, credit property, or things of value of any political subdivision to be loaned to any person, association, or corporation, public or private.

*Recommendation:* The Town of Homer, Louisiana should adopt a written policy providing procedures for the discontinuance of utility services for customers with past due accounts and which conforms to the legal requirements of Louisiana Constitution Article 7, Section 14. The written policy should be communicated to the Town's personnel.



**Finding 98-2 (Continued)**

*Current status:* Even though the Town has a written policy in effect, similar audit findings were noted in the audit for the year ended June 30, 1999.

**Finding 98-3**

*Condition:* The Town of Homer, has not placed the required monthly deposits into a Sinking Fund bank account. The debt covenants of the Certificate of Indebtedness, Series 1996 require monthly deposits to be placed into a Sinking Fund bank account for the payment of interest and principal requirements.

*Recommendation:* The Town of Homer, Louisiana should place the required monthly deposits into a Sinking Fund bank account in accordance with the debt covenants of the Certificate of Indebtedness, Series 1996.

*Current status:* The recommendation has been followed. No similar audit findings were noted in the audit for the year ended June 30, 1999.

TOWN OF HOMER, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 1999

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>Federal CFDA#</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Rural Development-			
Water Revenue Bonds of the Town of Homer, Louisiana, original \$1,201,000 purchased by Farmers Home Administration	10.418	\$ 1,201,000	\$ 1,171,263
Sewer Revenue Bonds of the Town of Homer, Louisiana, original \$1,200,000 purchased by Farmers Home Administration	10.418	\$ 1,200,000	\$ 1,125,262
Sewer Revenue Bonds of the Town of Homer, Louisiana, original \$ 590,000 purchased by Farmers Home Administration	10.418	\$ 590,000	\$ <u>585,201</u>
 Total Federal Expenditures			 \$ <u>2,881,726</u>



Office of the Mayor  
HOMER, LOUISIANA

DAVID J. AUBREY  
MAYOR

400 EAST MAIN  
HOMER, LA 71040  
(318) 927-1312  
(318) 927-3555  
Fax 927-3399

January 11, 2000

Mr. Carlos Martin, CPA  
Jamieson, Wise, & Martin  
601 Main Street  
Minden, LA 71055

Dear Carlos:

Per our conversation, I am hereby responding to your suggestion of identifying the ways in which we have improved our administrative operations at the Town of Homer. They include the following:

- \* Town Council approves all personnel actions even if they are interim or emergency in nature.
- \* Grant Files are being updated in a timely fashion and kept together.
- \* Night deposits are being utilized improving employee time management.
- \* Fixed asset list is updated in the months of December and January.
- \* All office personnel are being cross-trained to handle shared duties and prevent interruption of services.
- \* *"Check Request"* Forms are being utilized as well as *"Work Completion"* reports.
- \* City Hall Reservations forms now required for all non-town functions.
- \* Account Payables files by vendors are now available.
- \* Exposed blank checks for various accounts are now locked in the safe.
- \* Routine maintenance of the cut-off list is being conducted.

- \* Travel advances and reimbursements must now be documented in a *“travel expense report.”*
- \* There is no excessive usage of cellular phones or other telecommunications devices.
- \* Overtime usage is monitored during every pay period.
- \* Daily deposits are being made.
- \* Personnel files have been made current and orderly.
- \* Voided checks are being filed for appropriate internal controls.
- \* Multiple signatures required on customer meter deposit account.
- \* Monthly required transfers are done timely each month for appropriate sinking funds.
- \* Reduced number of accounts at the Fire Department.
- \* Additional Fire and Police Department Special Accounts are being phased out.
- \* Collections of Property Taxes, Occupational, and Insurance Licenses have been increased.
- \* CD’s are being invested in banks which yield the highest interest rates.
- \* Petty cash usage has been trimmed tremendously.

Although we’ve come a very long way, we must continue in several other areas. This may include the following:

- \* Establishing a training program for all **(but especially new)** employees.
- \* Personnel Policies must be revised and made consistent.
- \* Organizing all files in the office area.
- \* Documentation of all transactions in the business office including any necessary adjustments.
- \* Evaluate all utility bills deleting unnecessary services and expenditures.

- \* Official Records on city owned vehicles must be readily available (**insurance, titles, etc. . .**)
- \* A petty cash policy must be established.
- \* Preparing and administering a formal procurement policy for the purchasing of goods and services for the Town of Homer.
- \* Establishing a "**work order**" system to justify numerous expenditures in the public works department.

While certainly we have accomplished quite a bit during 1999 in terms of improving operations, we are certainly not where I want to be. I appreciate the continued support offered by your firm and look forward to suggestions of ways in which we can improve operations and management of the public funds and resources of the Town of Homer.

Sincerely,



David J. Aubrey  
Mayor

DJA/lkr



Office of the Mayor  
HOMER, LOUISIANA

DAVID J. AUBREY  
MAYOR

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February 8, 2000

Dr. Daniel G. Kyle, CPA  
Office of the Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

**Re: Responses and Corrective Action Plan**

Dear Dr. Kyle:

The Town of Homer, Louisiana respectfully submits the following responses and corrective action plan for the audit covering fiscal year ended June 30, 1999. The responses are numbered consistently with the numbers assigned in the management letter received on February 4, 2000 from the firm of Jamieson, Wise, & Martin.

**CONTROLS AND COMPLIANCE CONSIDERED MATERIAL TO GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**99-1: Preparation of Financial Information**

**Recommendation:** The town ensure that accounting personnel have adequate time to perform their specific duties and adequate training to timely reconcile the financial accounts and review the posting to the general ledger for accuracy.

**Response:** The Town of Homer, LA concurs with the finding and recommendation. Many items attributed to this situation including a 100% turnover among accounting personnel during the 98-99 fiscal year. Additionally, the town began implementing a new masterbank cash system in the middle of a transition to a new administration. Both the town treasurer and clerk retired during the fiscal year creating a major disruption of normal operations. New staff with limited training did attempt to comply with all requests by the auditor of providing the necessary information needed in compiling the annual financial statements. Bank reconciliations and utility billings booking are being done monthly and timely. As of February 1, 1999, we are now filing all invoices according to individual vendors rather than by the months the invoices were paid as did the previous administration.

We will continue to improve our administrative procedures which will ensure compliance with LSA-RS 24:514, 24:515, and/or 33:463.

**99-2: Filing of Audited Financial Reports**

**Response:** The Town of Homer concurs with this finding. Problems noted in the response to 99-1 severely impacted our ability to commence our annual audit as scheduled. With a trained staff and a better understanding of governmental operations, we are more equipped to produce the necessary reports. The Town of Homer will comply with this statute in the future.

**99-3: Fixed Asset Inventory**

**Response:** The Town of Homer, Louisiana, does concur with this finding and recommendation.

Under the previous administration, conducting the fixed assets inventory was the responsibility of the former purchasing agent and current town inspector. After information reported and tested during the special agreed-upon procedures by another CPA firm in February, 1999, this responsibility was transferred to the town clerk. The clerk at that time retired and a new clerk began in May, 1999. This delayed the completion of a full inventory of fixed assets by June 30, 1999.

We do concur that we should conduct an inventory of fixed assets annually. In the future, evidence of conducting an annual inventory of the fixed assets would be available.

**CONTROLS AND COMPLIANCE CONSIDERED NON-MATERIAL TO GENERAL PURPOSE FINANCIAL STATEMENT.**

**99-4: Budget Preparation and Review**

**Response:** The Town of Homer concurs with this finding. Many items previously mentioned in 99-1 hindered our ability to effectively comply with this finding. Further, completing the budget has in the past been a responsibility of the town clerk; however, our auditor took a lead role in assisting new mayor and staff with its preparation. Due to having an official journal which publishes only once a week and with the requirement of having the budget adopted 15 days prior to July 1, 1999, the Town of Homer decided to take action of the budget at the regularly scheduled meeting for July, 1999. With the full staff and on-going training in this area, we will comply with this finding in the future.

**99-5: Negative Cash Balance in General Fund**

**Recommendation:** The town management monthly review the cash situation by funds and report to the board of aldermen whether budget adjustments need to be made.

**Response:** The Town of Homer concurs with the auditor's recommendation. We have begun to review the budget and the cash situation by funds more carefully and periodically. Additionally, in the new system of book-keeping, we are not utilizing a special fund for sales taxes. We will seek the assistance of our auditor to help determine the negative cash balances since many transactions were made by former staff members, and many are unclear and somewhat difficult to follow. It has been already noticed that many items charged to the

general fund were typically covered in the Enterprise Fund. We will immediately begin the process of resolving the discrepancies.

**99-6: Cash Deposits**

**Recommendation:** For proper controls over cash funds, all money should be deposited daily. The deposits should be reconciled with the general ledger entries and utility cash receipts reports on a daily basis.

**Response:** The Town of Homer concurs with the recommendation that deposits should be made daily whenever practical. We are currently making daily deposits and even utilizing night deposits to improve time management of staff. Staff turn-over, training, and maternity leaves may have attributed to this finding.

**99-7: Utility Cut-off**

**Recommendation:** The town adhere to the cut-off policy and consider the use of a collection agency to pursue past due accounts.

**Response:** The Town of Homer concurs with this finding and recommendation. This practice dates back for quite some time. We have hired an interim superintendent and a new meter reader in the Water Department due to sudden resignation and termination of their predecessors.

Since October 1999, we have substantially increased collections to date on our monthly billing, due to aggressive maintenance of the monthly cut-off list. We are monitoring accounts of staff and elected officials ensuring their timely payments. We are making no exceptions for public officials and employees.

Many of the accounts which were outstanding at June 30, 1999, were created prior to the new administration assuming office. However, we will consider the use of a collection agency and other methods to recover past due accounts.

**99-8: Payroll Procedures**

**Response:** This item was tested during a special agreed upon procedures by another CPA firm in February, 1999. We have created all new personnel files and updated them according to function and department. We will insure that accurate payroll reports are filed timely. According to our records, only one payroll report was filed late mainly due to change-over in staff. We acknowledged this oversight and took corrective action. As mentioned in 99-1, we incurred a 100% turn-over in personnel which has never happened before. With on-going training and time, we will continue to improve compliance with payroll reporting requirements. We will continue to use the services of our financial consultants to make additional improvements in this area.

**99-9: Use of 20% of 1 cent Sales Tax dedicated to Industrial Development Facilities**

**Recommendation:** The town council reimburse the industrial account for the computer expenses and review the use of the \$10,000 after it was transferred to see if the funds were



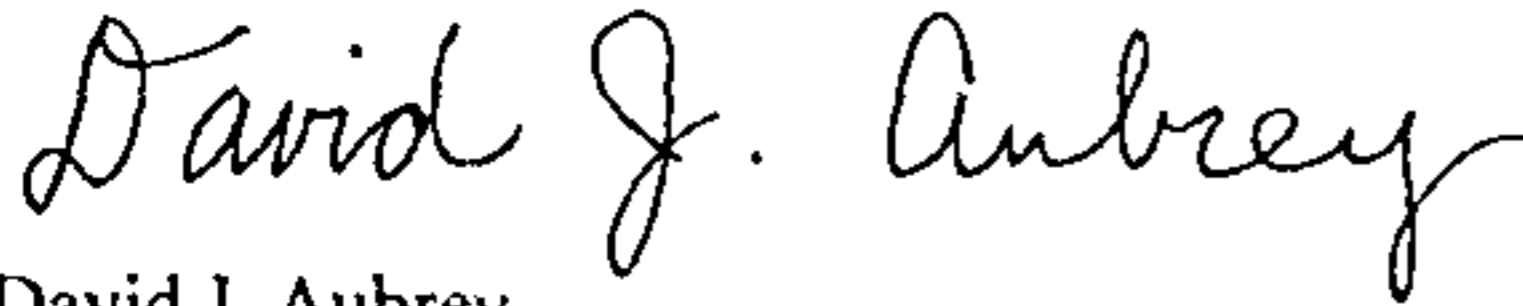
used for industrial development facilities.

**Response:** The Town of Homer does concur with this finding. However, in an effort to maintain oversight and management over the various funds, it is logical that each fund would share in the associated costs. The decision to purchase new computer hardware which is Y2K compliant was made in October, 1998 by the prior administration. The former town clerk and accounts payable clerk divided the associated costs among the various funds based on the current assets. Although we do believe it is reasonable that the expenses are shared by funds, we will reimburse the industrial development account for this expense.

With regard to the allocation of the \$10,000 from the industrial account to the fire department account, this transfer was an item included in the budget approved by the town council in May 1998. The transfer was made to comply with the established budget. The Town of Homer will review this transfer and ensure that the funds were used toward the fire department facility.

Should you have any questions or comments regarding the above-mentioned responses and corrective action plan, feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "David J. Aubrey".

David J. Aubrey  
Mayor

xc: Council