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TOWN OF HOMER, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1998

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 JAN 20 1999

TOWN OF HOMER, LOUISIANA
Annual Financial Report
Year Ended June 30, 1998

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INDEPENDENT AUDITORS' REPORT

The Honorable Huey Dean, 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, 1998, 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 \$11,297,526 as of June 30, 1998, and total revenues of \$12,135,241 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 paragraph, 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.

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 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, 1998, 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 December 7, 1998 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 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.

Jamison Wise & Math

Minden, Louisiana
December 7, 1998

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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 Huey Dean, 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, 1998, and have issued our report thereon dated December 7, 1998. 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.

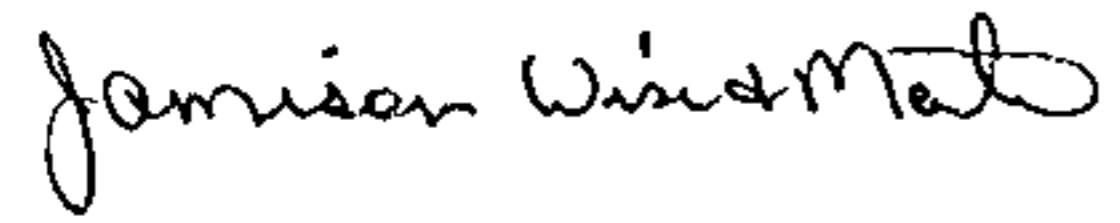
Compliance

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 98-1, 98-2 and 98-3.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no other matters involving the internal control over financial reporting and its operation that we consider to be a material weaknesses.

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.

A handwritten signature in cursive script that reads "Jamison Windmet".

Minden, Louisiana
December 7, 1998

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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 Huey Dean, 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, 1998. 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,

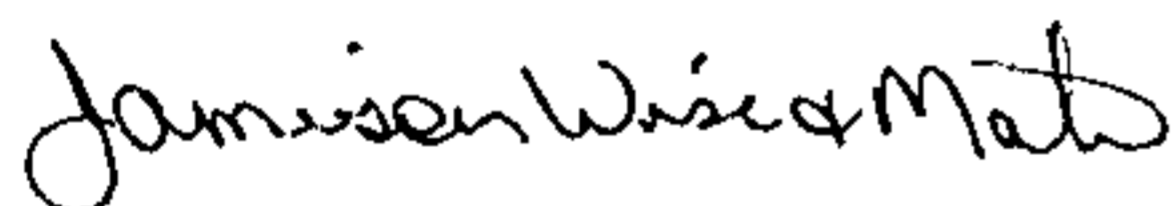
1998. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 98-4.

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
December 7, 1998

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

Town of Homer, Louisiana
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 1998

Exhibit I

	Governmental Fund Types				Fiduciary			Account Groups			Totals		Totals (Memorandum only) Reporting Entity
	Special		Capital		Fund Type			General		(Memorandum only)		Component Unit Hospital	
	General	Revenue	Debt	Projects	Enterprise	Trust Agency	Fixed Assets	Long-term Debt	Primary Government	Hospital			
ASSETS													
Cash and interest bearing deposits	\$ 24,040	503,523	10,580	29,523	377,497	10,500	-	-	955,663	362,597	1,318,260		
Receivables:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts	144	-	-	-	141,901	-	-	-	142,045	2,960,231	3,102,276		
Grants	-	-	-	12,634	-	-	-	-	12,634	-	12,634		
Due from other funds	10,500	11,725	-	-	13,966	-	-	-	36,191	-	36,191		
Inventory	-	-	-	-	-	-	-	-	-	359,004	359,004		
Prepaid expenses	-	-	-	-	-	-	-	-	-	93,632	93,632		
Meter deposits	2,130	250	-	-	-	-	-	-	2,380	-	2,380		
Restricted assets:													
Cash and interest bearing deposits	-	-	-	-	410,212	-	-	-	410,212	3,328,986	3,739,198		
Land	-	-	-	-	-	-	87,743	-	87,743	-	87,743		
Buildings	-	-	-	-	-	-	984,486	-	984,486	-	984,486		
Improvements other than buildings	-	-	-	-	-	-	4,405,450	-	4,405,450	-	4,405,450		
Airport	-	-	-	-	-	-	464,188	-	464,188	-	464,188		
Equipment	-	-	-	-	-	-	974,207	-	974,207	-	974,207		
Enterprise Fund property, plant and equipment	-	-	-	-	10,778,862	-	-	-	10,778,862	9,507,348	20,286,210		
Accumulated depreciation	-	-	-	-	(3,690,014)	-	-	-	(3,690,014)	(5,903,369)	(9,593,383)		
Amounts available for debt service	-	-	-	-	-	-	-	-	-	-	-		
Funds to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	123,032	123,032	-	123,032		
Other assets	-	-	-	-	-	-	-	-	-	589,097	589,097		
Total Assets	\$ 36,814	515,498	10,580	42,157	8,032,424	10,500	6,916,074	123,032	15,687,079	11,297,526	26,984,605		

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, 1998

	Governmental Fund Types				Fiduciary Fund Type Trust Agency	Account Groups			Totals		Component Unit Hospital	Totals (Memorandum only) Reporting Entity
	Special		Capital			General Fixed Assets	General		(Memorandum only) Primary Government	(Memorandum only)		
	General	Revenue	Debt	Projects			Long-term Debt					
LIABILITIES AND FUND EQUITY												
Liabilities:												
Accrued payroll & benefits	\$ 14,769	-	-	-	-	-	-	-	14,769	-	414,052	428,821
Accounts payable	26,979	26,581	-	42,155	-	-	-	-	137,319	90,710	90,710	228,029
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	218,296	218,296
Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	18,691	7,000	-	-	10,500	-	-	-	36,191	-	-	36,191
Due to health insurance programs	-	-	-	-	-	-	-	-	-	-	-	-
Payable from restricted assets:												
Revenue bonds	-	-	-	-	-	-	-	-	2,881,726	3,186,429	3,186,429	6,068,155
Accrued interest	-	-	-	-	-	-	-	-	56,264	-	-	56,264
Customer's deposits	-	-	-	-	-	-	-	-	87,933	-	-	87,933
Obligations under capital lease	-	-	-	-	-	-	-	-	-	212,719	212,719	212,719
Unpaid vacation leave	-	-	-	-	-	-	14,032	-	14,032	-	-	14,032
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-	-	109,000	-	109,000	-	-	109,000
Total liabilities	60,439	33,581	-	42,155	10,500	-	123,032	-	3,337,234	4,122,206	4,122,206	7,459,440
Fund Equity:												
Contributed capital	-	-	-	-	-	-	-	6,916,074	-	-	-	10,748,475
Retained Earnings:												
Reserved for:												
Revenue bond retirement	-	-	-	-	-	-	-	-	207,602	-	-	207,602
Bond depreciation and contingency	-	-	-	-	-	-	-	-	96,933	-	-	96,933
Hospital	-	-	-	-	-	-	-	-	-	7,175,320	7,175,320	7,175,320
Unreserved	-	-	-	-	-	-	-	-	827,961	-	-	827,961
Fund Balances:												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	(23,625)	481,917	10,580	2	-	-	-	-	468,874	-	-	468,874
Total fund equity	(23,625)	481,917	10,580	2	-	-	-	6,916,074	12,349,845	7,175,320	7,175,320	19,525,165
Total Liabilities and Fund Equity	\$ 36,814	515,498	10,580	42,157	10,500	-	123,032	6,916,074	15,687,079	11,297,526	11,297,526	26,984,605

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, 1998

	GOVERNMENTAL FUNDS				Fiduciary Fund- Expendable Trust	Totals 1998
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Taxes	\$ 96,293	873,411	-	-	-	969,704
Licenses and permits	155,946	-	-	-	-	155,946
Fees and rentals	-	-	-	-	-	-
Intergovernmental	60,688	42,732	-	368,687	-	472,107
Fines and forfeits	22,548	-	-	-	-	22,548
Interest	3	12,162	840	-	-	13,005
Miscellaneous	24,699	80,758	-	16	-	105,473
Total Revenues	<u>360,177</u>	<u>1,009,063</u>	<u>840</u>	<u>368,703</u>	<u>-</u>	<u>1,738,783</u>
EXPENDITURES:						
General Government	326,154	14,922	154	14	-	341,244
Public Safety	300,385	137,412	-	-	-	437,797
Highways and streets	119,451	199,334	-	-	-	318,785
Parks and recreation	21,845	42,204	-	-	-	64,049
Public Works	7,401	-	-	-	-	7,401
Industrial development	-	5,153	-	-	-	5,153
Capital Outlay	24,420	92,805	-	368,687	-	485,912
Debt service	-	2,088	-	-	-	2,088
Total Expenditures	<u>799,656</u>	<u>493,918</u>	<u>154</u>	<u>368,701</u>	<u>-</u>	<u>1,662,429</u>
Excess (deficiency) of revenues over expenditures	<u>(439,479)</u>	<u>515,145</u>	<u>686</u>	<u>2</u>	<u>-</u>	<u>76,354</u>
OTHER FINANCING SOURCES:						
Loan Proceeds	-	-	-	-	-	-
Operating transfers in	375,000	-	-	-	-	375,000
Operating transfers out	-	(375,000)	-	-	-	(375,000)
Total Other Sources (Uses)	<u>375,000</u>	<u>(375,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(64,479)</u>	<u>140,145</u>	<u>686</u>	<u>2</u>	<u>-</u>	<u>76,354</u>
Fund Balance at beginning of year	<u>40,854</u>	<u>341,772</u>	<u>9,894</u>	<u>-</u>	<u>-</u>	<u>392,520</u>
Fund Balance at end of year	<u>\$ (23,625)</u>	<u>481,917</u>	<u>10,580</u>	<u>2</u>	<u>-</u>	<u>468,874</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, 1998

	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)
REVENUES:									
Taxes	\$ 95,442	96,293	851	845,508	846,874	1,366	-	-	-
Licenses and permits	161,519	155,946	(5,573)	-	-	-	-	-	-
Intergovernmental	62,113	60,688	(1,425)	37,232	42,732	5,500	-	-	-
Fines and forfeits	22,824	22,548	(276)	-	-	-	-	-	-
Interest	-	3	3	3,998	12,162	8,164	-	840	840
Miscellaneous	44,949	24,699	(20,250)	44,470	76,724	32,254	-	-	-
Total Revenues	<u>386,847</u>	<u>360,177</u>	<u>(26,670)</u>	<u>931,208</u>	<u>978,492</u>	<u>47,284</u>	<u>-</u>	<u>840</u>	<u>840</u>
EXPENDITURES:									
General government	312,603	315,439	(2,836)	237	240	(3)	-	154	(154)
Public safety	277,380	303,355	(25,975)	99,710	100,565	(855)	-	-	-
Highways, streets, water and sewer	111,821	119,451	(7,630)	201,547	189,808	11,739	-	-	-
Parks and recreation	20,555	21,845	(1,290)	42,096	43,999	(1,903)	-	-	-
Public works	10,419	8,682	1,737	-	-	-	-	-	-
Industrial development	-	-	-	5,734	5,153	581	-	-	-
Debt Service	-	-	-	81,970	106,458	(24,488)	-	-	-
Capital Outlay	17,500	24,420	(6,920)	34,871	33,759	1,112	-	-	-
Total Expenditures	<u>750,278</u>	<u>793,192</u>	<u>(42,914)</u>	<u>466,165</u>	<u>479,982</u>	<u>(13,817)</u>	<u>-</u>	<u>154</u>	<u>(154)</u>
Excess (deficiency) of revenues over expenditures	<u>(363,431)</u>	<u>(433,015)</u>	<u>(69,584)</u>	<u>465,043</u>	<u>498,510</u>	<u>33,467</u>	<u>-</u>	<u>686</u>	<u>686</u>
OTHER FINANCING SOURCES:									
Operating transfers in	350,000	375,000	25,000	153,382	136,176	(17,206)	-	-	-
Operating transfers out	-	-	-	486,551	511,176	24,625	-	-	-
Total Other Sources	<u>350,000</u>	<u>375,000</u>	<u>25,000</u>	<u>(333,169)</u>	<u>(375,000)</u>	<u>(41,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(13,431)</u>	<u>(58,015)</u>	<u>(44,584)</u>	<u>131,874</u>	<u>123,510</u>	<u>(8,364)</u>	<u>-</u>	<u>686</u>	<u>686</u>
Fund Balance at beginning of year	<u>61,371</u>	<u>61,371</u>	<u>-</u>	<u>384,990</u>	<u>384,988</u>	<u>(2)</u>	<u>-</u>	<u>9,894</u>	<u>9,894</u>
Fund Balance at end of year	<u>\$ 47,940</u>	<u>3,356</u>	<u>(44,584)</u>	<u>516,864</u>	<u>508,498</u>	<u>(8,366)</u>	<u>-</u>	<u>10,580</u>	<u>10,580</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, 1998

Exhibit 4

	Proprietary Fund Type <i>Enterprise</i>	Component Unit <i>Hospital</i>	Totals for 1998 (Memorandum only) <i>Reporting Entity</i>
Operating Revenues:			
Charges for Services	\$ 927,377	12,135,241	13,062,618
Operating Expenses:			
Depreciation	207,804	595,274	803,078
Cost of services	715,212	11,989,108	12,704,320
Total operating expenses	<u>923,016</u>	<u>12,584,382</u>	<u>13,507,398</u>
Operating income (loss)	<u>4,361</u>	<u>(449,141)</u>	<u>(444,780)</u>
Nonoperating Revenues (Expenses):			
Investment income	34,659	207,619	242,278
Advalorem revenue	-	358,855	358,855
Interest and fiscal charges	<u>(180,736)</u>	<u>(204,595)</u>	<u>(385,331)</u>
Total nonoperating revenues (expenses)	<u>(146,077)</u>	<u>361,879</u>	<u>215,802</u>
Income (loss) before operating transfers	(141,716)	(87,262)	(228,978)
Operating Transfers:			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	(141,716)	(87,262)	(228,978)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	63,868	-	63,868
Retained earning, beginning of year	1,210,344	7,242,896	8,453,240
Purchase of equipment with restricted funds	<u>-</u>	<u>19,686</u>	<u>19,686</u>
Retained earnings, end of year	<u>\$ 1,132,496</u>	<u>7,175,320</u>	<u>8,307,816</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, 1998

Exhibit 5

	Proprietary Fund Type Enterprise	Component Unit Hospital	1998 Reporting Entity (Memorandum Only)
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 4,361	(449,141)	(444,780)
Adjustments to reconcile operating loss to net cash to cash provided by operating activities:			
Depreciation	207,805	595,274	803,079
Provision for Bad Debts	-	708,158	708,158
Interest Received	-	139,979	139,979
(Increase) in Inventories	-	(82,135)	(82,135)
(Increase) in Prepaid expenses	-	(16,553)	(16,553)
(Increase) Due from health insurance programs	-	(20,053)	(20,053)
Decrease in Home health start-up costs	-	28,038	28,038
(Increase) decrease in accounts receivable	(59,226)	136,207	76,981
(Increase) decrease in due to other funds	2,053	-	2,053
(Decrease) in accrued payroll and benefits	-	(13,953)	(13,953)
(Decrease) in accrued uncompensated absences	-	(10,178)	(10,178)
(Decrease) in interest payable	-	(1,644)	(1,644)
(Decrease) increase in accounts payable	(14,646)	(147,696)	(162,342)
Net cash provided by operating activities	<u>140,347</u>	<u>866,303</u>	<u>1,006,650</u>
Cash Flows from Noncapital Financing Activities:			
Transfers out to other funds	-	-	-
Taxes Received	-	358,855	358,855
Net (decrease) increase in meter deposit liability	5,541	-	5,541
Net cash used for noncapital financing activities	<u>5,541</u>	<u>358,855</u>	<u>364,396</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(145,815)	-	(145,815)
Principal paid on revenue bonds and capital lease obligations	(20,144)	(106,406)	(126,550)
Interest paid on revenue bonds and capital lease obligations	(190,416)	(204,595)	(395,011)
Capital Contributions from other grants	120,000	-	120,000
Net Cash used for capital and related financing activities	<u>(236,375)</u>	<u>(311,001)</u>	<u>(547,376)</u>
Cash Flows from Investing Activities:			
Advances on education contracts	-	3,193	3,193
Decrease in assets whose use is limited	-	(759,093)	(759,093)
Purchases of property and equipment	-	(128,771)	(128,771)
Advance on physician contract	-	(141,468)	(141,468)
Interest on interest-bearing deposits	34,659	-	34,659
Net Cash provided (used) for investing activities	<u>34,659</u>	<u>(1,026,139)</u>	<u>(991,480)</u>
Net increase in cash and cash equivalents	(55,828)	(111,982)	(167,810)
Cash and cash equivalents at beginning of year	<u>843,537</u>	<u>474,579</u>	<u>1,318,116</u>
Cash and cash equivalents at end of year	<u>\$ 787,709</u>	<u>362,597</u>	<u>1,150,306</u>

The accompanying notes are an integral part of these financial statements

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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. Organization 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, 1998

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

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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 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

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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.
- 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, 1998

	<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	\$(64,479)	140,145	686
Adjustments:			
Expenditure accruals	<u>6,464</u>	<u>(16,635)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - Exhibit 3	<u>\$(58,015)</u>	<u>123,510</u>	<u>686</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, 1998

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, 1998

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 fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, they are charged to operations 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 \$955,663.

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, 1998, the town has \$1,375,344 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$1,768,415 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.

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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, 1998

- (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 (e) 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, 1998

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, 1998:

Total current assets	\$533,364
Total current liabilities	<u>(213,087)</u>
Net working capital	<u>\$320,277</u>

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

4. Ad valorem taxes

For the year ended June 30, 1998, taxes of 8.92 mills were levied on property with assessed valuations totaling \$10,597,680 and were dedicated as follows:

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

Total taxes levied were \$94,531.

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	\$ 10,500	18,691	
Special Revenue:			
Industrial Development	7,000	-	
Tourism	4,725	-	
Sales Tax	-	7,000	
Agency Funds:			
Police Bond	-	10,500	
Enterprise Fund	<u>13,966</u>	<u>-</u>	
	<u><u>\$ 36,191</u></u>	<u><u>36,191</u></u>	

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

6. Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 87,743	-	-	87,743
Buildings	961,986	22,500	-	984,486
Improvement other than buildings	4,016,406	389,044	-	4,405,450
Airport	464,188	-	-	464,188
Equipment	899,838	74,369	-	974,207
Total general fixed assets	<u>\$6,430,161</u>	<u>485,913</u>	<u>-</u>	<u>6,916,074</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1998:

	Beginning of Year	Additions	Deletions	Inventory Adjustment	End of Year
Construction in Progress	\$ 1,133,118	142,738	1,266,788	9,068	-
Land	13,330	-	-	-	13,330
Buildings & improvements other than buildings	9,274,569	1,266,788	-	-	10,541,357
Machinery and equipment	212,031	12,144	-	-	224,175
Net Fixed Assets	<u>\$10,633,048</u>	<u>1,421,670</u>	<u>1,266,788</u>	<u>9,068</u>	<u>10,778,862</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, 1998:

	General Obligation	Revenue	Total
Bonds and certificates payable at July 1, 1997	\$134,000	2,901,961	3,035,961
Bonds and notes issued	-	-	-
Bonds and certificates retired	(25,000)	(20,235)	(45,235)
Bonds, certificates and deferred payment contract at June 30, 1998	<u>\$ 109,000</u>	<u>2,881,726</u>	<u>2,990,726</u>

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

Bonds, certificates of indebtedness and notes payable at June 30, 1998, 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. \$ 109,000

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% 585,201

\$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% 1,125,262

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%. 1,171,263

Total revenue bonds, notes payable and certificates of indebtedness \$2,990,726

The annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments of \$3,580,657 are as follows:

Year ending June	General Obligation	Revenue	Total
1999	\$30,308	188,908	219,216
2000	30,878	188,908	219,786
2001	30,365	188,908	219,273
2002	29,797	188,908	218,705
2003	-	188,907	188,907
Thereafter	-	5,505,496	5,505,496
	<u>\$121,348</u>	<u>6,450,035</u>	<u>6,571,383</u>

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

\$10,580 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, 1998.

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, 1998

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, 1998, 1997, and 1996 were \$18,581, \$23,610, and \$21,668, 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

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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.

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, 1998, 1997, and 1996, were \$16,381, \$11,046, and \$11,926, 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, 1998:

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

	BUDGET	ACTUAL	VARIANCE
General Fund	\$750,278	\$793,192	\$(42,914)
Street Dept. Sales Tax	256,907	260,728	(3,821)
Recreation Dept. Sales Tax	45,150	47,027	(1,877)
Police Dept. Sales Tax	92,693	99,618	(6,925)
Fire Dept. Sales Tax	65,444	67,216	(1,772)

13. Reserved and designated Retained Earnings/Fund Balance-

The enterprise fund has certain restrictions due to bond indentures on funds. At June 30, 1998, the enterprise fund had the following amounts of retained earnings designated as reserved:

Reserve for revenue bond retirement	\$207,602
Reserve for bond depreciation and contingency	96,933

The debt service funds are designated for payment of general obligation bonds. At June 30, 1998, reserve debt service fund balance was \$10,580.

14. Litigations and claims

At June 30, 1998, there are several lawsuits or claims in which the Town is involved. The City Attorney estimates that the potential claims against the Town not covered by insurance would not materially affect the financial statements of the Town.

15. Deficit fund balance and/or retained earnings

No funds had a deficit fund balance or retained earnings balance at June 30, 1998, based on general purpose financial statements prepared in accordance with generally accepted accounting principles:

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.

Town of Homer, Louisiana
Notes to Financial Statements
June 30, 1998

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 software package.

For the year ended June 30, 1998, 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, 1998. However, during October 1998, the Town *incurred remediation costs of approximately \$43,000 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, 1998

A-1

	<u>1998</u>
Assets	
Cash	\$ 24,040
Interest bearing deposits	-
Receivables:	
Due from other funds	10,500
Returned Checks	144
Meter Deposits	<u>2,130</u>
Total assets	<u><u>\$ 36,814</u></u>
Liabilities and Fund Balance	
Accounts payable	\$ 26,979
Payroll withholdings	14,769
Due to other funds	<u>18,691</u>
Total Liabilities	<u>60,439</u>
Fund Balance:	
Unreserved	<u>(23,625)</u>
Total fund balance	<u>(23,625)</u>
Total liabilities and fund balance	<u><u>\$ 36,814</u></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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes	\$ 95,442	96,293	-	96,293	851
Licenses and permits	161,519	155,946	-	155,946	(5,573)
Intergovernmental	62,113	60,688	-	60,688	(1,425)
Interest	-	3	-	3	3
Fines and forfeitures	22,824	22,548	-	22,548	(276)
Miscellaneous	44,949	24,699	-	24,699	(20,250)
Total Revenues	386,847	360,177	-	360,177	(26,670)
Expenditures:					
General Government	312,603	326,154	10,715	315,439	(2,836)
Public Safety	277,380	300,385	(2,970)	303,355	(25,975)
Parks and Recreation	20,555	21,845	-	21,845	(1,290)
Public Works	10,419	7,401	(1,281)	8,682	1,737
Highways, Streets, Water and Sewer	111,821	119,451	-	119,451	(7,630)
Capital outlay	17,500	24,420	-	24,420	(6,920)
Total expenditures	750,278	799,656	6,464	793,192	(42,914)
Excess (deficiency) of revenues over expenditures	(363,431)	(439,479)	6,464	(433,015)	(69,584)
Other financing sources (uses)					
Operating transfers in	350,000	375,000	-	375,000	25,000
Total other financing sources	350,000	375,000	-	375,000	25,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,431)	(64,479)	6,464	(58,015)	(44,584)
Fund Balance at beginning of year	61,371	40,854	20,517	61,371	-
Fund Balance at end of year	\$ 47,940	(23,625)	26,981	3,356	(44,584)

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Taxes:					
Ad valorem	95,442	96,293	-	96,293	851
Licenses and permits:					
Occupational Licenses	50,000	46,971	-	46,971	(3,029)
Utility franchise fee	44,043	46,020	-	46,020	1,977
Building permits	1,236	1,137	-	1,137	(99)
Burial permits	1,240	1,155	-	1,155	(85)
Insurance Premium taxes	65,000	60,663	-	60,663	(4,337)
Total licenses and permits	161,519	155,946	-	155,946	(5,573)
Intergovernmental:					
Homer Housing Authority	2,287	-	-	-	(2,287)
Louisiana tobacco tax	21,090	21,090	-	21,090	-
Louisiana beer tax	6,236	6,307	-	6,307	71
Town Hall Grant	32,500	33,291	-	33,291	791
Total intergovernmental	62,113	60,688	-	60,688	(1,425)
Interest earned on investments	-	3	-	3	3
Fines and Forfeitures:					
Mayor's Court Fines	13,475	12,547	-	12,547	(928)
Mayor's Court Costs	7,769	8,421	-	8,421	652
Sheriffs Civil Fund	1,580	1,580	-	1,580	-
Total fines and forfeitures	22,824	22,548	-	22,548	(276)

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Miscellaneous:					
Cemetery lot sales	5,200	6,000	-	6,000	800
All other	39,749	18,699	-	18,699	(21,050)
Total miscellaneous	44,949	24,699	-	24,699	(20,250)
Expenditures:					
Salaries - Mayor and Selectment	18,000	19,555	-	19,555	(1,555)
Salaries - Office	45,219	45,852	-	45,852	(633)
Salaries - Maintenance	26,526	26,646	-	26,646	(120)
Postage	3,900	3,704	(177)	3,881	19
Town Hall Supplies	4,200	1,756	(1,909)	3,665	535
Town Hall repairs	10,000	3,422	14	3,408	6,592
Machine maintenance	3,000	857	-	857	2,143
Accounting and Auditing	4,892	4,893	-	4,893	(1)
Legal Fees	4,500	5,530	765	4,765	(265)
Legal Advertising	1,100	663	(285)	948	152
Office Supplies	6,400	4,581	422	4,159	2,241
Dues and Subscriptions	1,600	1,554	-	1,554	46
Convention and travel	1,000	954	-	954	46
Tax Assessor's fees	1,200	1,163	-	1,163	37
Telephone	11,324	11,184	(111)	11,295	29
Gas and Heating	3,550	3,527	(10)	3,537	13
Electricity - Town Hall	36,000	35,904	(45)	35,949	51
Liability Insurance	22,447	26,428	-	26,428	(3,981)
Property Insurance	5,000	5,310	-	5,310	(310)
Workmen's Compensation	26,400	39,787	4,629	35,158	(8,758)
Employee Insurance	35,900	40,679	5,917	34,762	1,138
Employee's Retirement	17,380	15,893	-	15,893	1,487

TOWN OF HOMER
General Fund

Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)
Year ended June 30, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Payroll taxes	9,427	10,544	-	10,544	(1,117)
Unemployment	538	548	98	450	88
Miscellaneous	11,000	12,820	207	12,613	(1,613)
Claiborne council on aging	1,200	2,400	1,200	1,200	-
VA Subsidy	900	-	-	-	900
Mainstreet Program	-	-	-	-	-
Total General Government	312,603	326,154	10,715	315,439	(2,836)
Public Safety:					
Police Department Salaries	234,400	260,885	-	260,885	(26,485)
Fire Department Salaries	-	(10)	-	(10)	10
Prisoner expense	30,310	25,468	(4,415)	29,883	427
Indigent defender	5,470	5,617	240	5,377	93
Coroner expense	4,100	4,034	(100)	4,134	(34)
Miscellaneous police	100	1,455	1,355	100	-
Animal control	3,000	2,936	(50)	2,986	14
Total Public Safety	277,380	300,385	(2,970)	303,355	(25,975)
Highways, Streets, Water and Sewer:					
Street Department Salaries	111,821	108,371	-	108,371	3,450
Water Department Salaries	-	9,374	-	9,374	(9,374)
Sewer Department Salaries	-	1,706	-	1,706	(1,706)
Total Highways, Streets, Water and Sewer	111,821	119,451	-	119,451	(7,630)

TOWN OF HOMER

General Fund

Statement of Revenues, Expenditures and Other Financing Sources by Source Compared to Budget (Cash Basis)
Year ended June 30, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Parks and Recreation:					
Salaries - recreation	4,555	4,305	-	4,305	250
Salaries - Homer natatorium	8,000	9,660	-	9,660	(1,660)
Salaries - Mayfield natatorium	8,000	7,100	-	7,100	900
Recreation expenses	-	780	-	780	(780)
Total Parks and Recreation	20,555	21,845	-	21,845	(1,290)
Public Works:					
Cemetery supplies and expense	336	(1,138)	(802)	(336)	672
Airport supplies	3,400	2,911	(672)	3,583	(183)
Museum expense	6,233	5,194	193	5,001	1,232
Tourist commission	450	434	-	434	16
Total Public Works	10,419	7,401	(1,281)	8,682	1,737
Capital outlay:					
Capital outlay - computer	-	1,920	-	1,920	(1,920)
Capital outlay - town hall	17,500	22,500	-	22,500	(5,000)
Total Capital outlay	17,500	24,420	-	24,420	(6,920)
Other financing sources:					
Operating transfers:					
Sales tax fund #1	350,000	375,000	-	375,000	25,000
Utility fund	-	-	-	-	-
Total other sources	350,000	375,000	-	375,000	25,000

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, 1998

B-1

	Sales Tax Fund	Industrial Development	Street Fund	Fire Fund	Recreation Fund	Police Fund	Contingency Fund	Tourism Fund	1998
ASSETS									
Cash	\$ 66,798	173,630	77,264	84,748	2,875	26,305	13,453	-	445,073
Interest bearing deposits	58,450	-	-	-	-	-	-	-	58,450
Due from other funds	-	7,000	-	-	-	-	-	4,725	11,725
Other assets	-	250	-	-	-	-	-	-	250
Total Assets	\$ 125,248	180,880	77,264	84,748	2,875	26,305	13,453	4,725	515,498
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ -	-	17,899	1,583	2,169	4,930	-	-	26,581
Due to other funds	7,000	-	-	-	-	-	-	-	7,000
Total liabilities	7,000	-	17,899	1,583	2,169	4,930	-	-	33,581
Fund Balances									
Unreserved & undesignated	118,248	180,880	59,365	83,165	706	21,375	13,453	4,725	481,917
Total Liabilities and Fund Balance	\$ 125,248	180,880	77,264	84,748	2,875	26,305	13,453	4,725	515,498

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, 1998

	Sales Tax Fund	Industrial Development	Street Fund	Fire Fund	Recreation Fund	Police Fund	Contingency Fund	Tourism Fund	1998
REVENUES:									
Taxes	\$ 434,247	-	260,663	43,444	43,444	43,444	43,444	4,725	873,411
Intergovernmental	-	-	-	39,232	-	3,500	-	-	42,732
Interest	5,353	3,907	1,742	290	290	290	290	-	12,162
Miscellaneous	-	-	47,970	803	1,526	30,459	-	-	80,758
Total Revenues	439,600	3,907	310,375	83,769	45,260	77,693	43,734	4,725	1,009,063
Expenditures:									
General government	13,601	-	-	-	-	-	1,321	-	14,922
Public safety	-	-	-	69,058	-	68,354	-	-	137,412
Highways and streets	-	-	199,334	-	-	-	-	-	199,334
Parks and recreation	-	-	-	-	42,204	-	-	-	42,204
Industrial development	-	5,153	-	-	-	-	-	-	5,153
Capital outlay	-	-	65,207	-	-	27,598	-	-	92,805
Debt Service	-	-	2,088	-	-	-	-	-	2,088
Total expenditures	13,601	5,153	266,629	69,058	42,204	95,952	1,321	-	493,918
Excess of revenue over expenditures (expenditures over revenues):	425,999	(1,246)	43,746	14,711	3,056	(18,259)	42,413	4,725	515,145
Other Sources and Uses:									
Operating Transfers from (to):									
Special revenue funds	(104,176)	29,176	-	55,000	12,000	40,000	(32,000)	-	-
General fund	(375,000)	-	-	-	-	-	-	-	(375,000)
Total other sources(uses)	(479,176)	29,176	-	55,000	12,000	40,000	(32,000)	-	(375,000)
Excess of revenues and other sources over expenditures and other uses	(53,177)	27,930	43,746	69,711	15,056	21,741	10,413	4,725	140,145
Fund balance beginning of year	171,425	152,950	15,619	13,454	(14,350)	(366)	3,040	-	341,772
Fund balance end of year	\$ 118,248	180,880	59,365	83,165	706	21,375	13,453	4,725	481,917

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 422,755	434,247	(13,364)	420,883	(1,872)
Interest	1,219	5,353	-	5,353	4,134
Total Revenues	423,974	439,600	(13,364)	426,236	2,262
Expenditures:					
General government					
Overhead collection expense	-	13,364	(13,364)	-	-
Administrative expense	237	237	-	237	-
Total General government	237	13,601	(13,364)	237	-
Excess (deficiency) of revenues over expenditures	423,737	425,999	-	425,999	2,262
Other uses:					
Operating transfers from (to):					
General Fund	(350,000)	(375,000)	-	(375,000)	(25,000)
Special revenue funds	(104,551)	(104,176)	-	(104,176)	375
Total other uses	(454,551)	(479,176)	-	(479,176)	(24,625)
Excess (deficiency) of revenues over expenditures and other uses	(30,814)	(53,177)	-	(53,177)	(22,363)
Fund balance beginning of year	171,426	171,425	-	171,425	-
Fund balance end of year	\$ 140,612	118,248	-	118,248	(22,363)

The accompanying notes are an integral part of these financial statements

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest earned	\$ 2,779	3,907	-	3,907	1,128
Total Revenues	2,779	3,907	-	3,907	1,128
Expenditures:					
Industrial development:					
Industrial development expenses	5,734	5,153	-	5,153	581
Excess (deficiency) of revenues over expenditures	(2,955)	(1,246)	-	(1,246)	1,709
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Fund	29,551	29,176	-	29,176	(375)
Utility Fund	16,831	-	-	-	(16,831)
Total other sources (uses)	46,382	29,176	-	29,176	(17,206)
Excess (deficiency) of revenues over expenditures and other uses	43,427	27,930	-	27,930	(15,497)
Fund balance beginning of year	152,950	152,950	-	152,950	-
Fund balance end of year	\$ 196,377	180,880	-	180,880	(15,497)

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 253,653	260,663	(7,904)	252,759	(894)
Interest Earned	-	1,742	-	1,742	1,742
Miscellaneous Revenue	13,395	47,970	-	47,970	34,575
Total Revenues	267,048	310,375	(7,904)	302,471	35,423
Expenditures:					
Highway and Street:					
Collection Fee	-	7,904	(7,904)	-	-
Salaries	12,823	12,823	-	12,823	-
Supplies and expense	165,976	158,705	2,597	156,108	9,868
Prisoner expense	22,748	19,902	(975)	20,877	1,871
Capital Outlay	52,160	65,207	(3,625)	68,832	(16,672)
Debt Service	3,200	2,088	-	2,088	1,112
Total Expenditures	256,907	266,629	(9,907)	260,728	(3,821)
Excess (deficiency) of revenues over expenditures	10,141	43,746	(17,811)	41,743	31,602
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Fund	-	-	-	-	-
General Fund	-	-	-	-	-
Total other sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other uses	10,141	43,746	(2,003)	41,743	31,602
Fund balance beginning of year	35,521	15,619	19,902	35,521	-
Fund balance end of year	\$ 45,662	\$ 59,365	17,899	77,264	31,602

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 42,275	43,444	(1,317)	42,127	(148)
Intergovernmental:					
La. Fire Ins. Rebate	12,232	12,232	-	12,232	-
Claiborne Parish Fire Dist.4	25,000	25,000	-	25,000	-
Claiborne Parish Police Jury	-	2,000	-	2,000	2,000
Interest	-	290	-	290	290
Miscellaneous Revenue	-	803	(4,034)	(3,231)	(3,231)
Total Revenues	<u>79,507</u>	<u>83,769</u>	<u>(5,351)</u>	<u>78,418</u>	<u>(1,089)</u>
Expenditures:					
Public Safety:					
Collection Fee	-	1,317	(1,317)	-	-
Salaries	20,714	20,714	-	20,714	-
Supplies expense	13,059	15,356	(525)	14,831	(1,772)
Capital Outlay	-	-	-	-	-
Debt Service	31,671	31,671	-	31,671	-
Total Expenditures	<u>65,444</u>	<u>69,058</u>	<u>(1,842)</u>	<u>67,216</u>	<u>(1,772)</u>
Excess (deficiency) of revenues over expenditures	<u>14,063</u>	<u>14,711</u>	<u>(3,509)</u>	<u>11,202</u>	<u>(2,861)</u>
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Funds	55,000	55,000	-	55,000	-
Total other sources (uses)	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>69,063</u>	<u>69,711</u>	<u>(3,509)</u>	<u>66,202</u>	<u>(2,861)</u>
Fund balance beginning of year	<u>18,546</u>	<u>13,454</u>	<u>5,092</u>	<u>18,546</u>	<u>-</u>
Fund balance end of year	<u>\$ 87,609</u>	<u>\$ 83,165</u>	<u>1,583</u>	<u>\$ 84,748</u>	<u>(2,861)</u>

TOWN OF HOMER

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SPECIAL REVENUE FUNDS
RECREATION DEPARTMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Cash basis) and Actual - year ended June 30, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales tax	\$ 42,275	43,444	(1,317)	42,127	(148)
Interest Earned	-	290	-	290	290
Miscellaneous revenue	1,275	1,526	-	1,526	251
Total Revenues	<u>43,550</u>	<u>45,260</u>	<u>(1,317)</u>	<u>43,943</u>	<u>103</u>
Expenditures:					
Parks and recreation:					
Collection fee	-	1,317	(1,317)	-	-
Capital outlay	3,054	-	3,028	3,028	26
Supplies and expense	42,096	40,887	3,112	43,999	(1,903)
Total Expenditures	<u>45,150</u>	<u>42,204</u>	<u>4,823</u>	<u>47,027</u>	<u>(1,877)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,600)</u>	<u>3,056</u>	<u>(6,140)</u>	<u>(3,084)</u>	<u>(1,484)</u>
Other sources and uses:					
Operating transfers from (to):					
Special revenue funds	12,000	12,000	-	12,000	-
Total other sources (uses)	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	10,400	15,056	(6,140)	8,916	(1,484)
Fund balance beginning of year	<u>(6,041)</u>	<u>(14,350)</u>	<u>8,309</u>	<u>(6,041)</u>	<u>-</u>
Fund balance end of year	<u>\$ 4,359</u>	<u>706</u>	<u>2,169</u>	<u>2,875</u>	<u>(1,484)</u>

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales Tax	\$ 42,275	43,444	(1,317)	42,127	(148)
Intergovernmental:					
Grant Revenue	-	3,500	-	3,500	3,500
Interest Earned	-	290	-	290	290
Miscellaneous Revenue	29,800	30,459	-	30,459	659
Total Revenues	<u>72,075</u>	<u>77,693</u>	<u>(1,317)</u>	<u>76,376</u>	<u>4,301</u>
Expenditures:					
Public Safety:					
Collection Fee	-	1,317	(1,317)	-	-
Supplies and expense	62,937	64,306	(2,017)	62,289	648
Narcotic expense	3,000	2,731	-	2,731	269
Capital Outlay	26,756	27,598	7,000	34,598	(7,842)
Total Expenditures	<u>92,693</u>	<u>95,952</u>	<u>3,666</u>	<u>99,618</u>	<u>(6,925)</u>
Excess (deficiency) of revenues over expenditures	<u>(20,618)</u>	<u>(18,259)</u>	<u>(4,983)</u>	<u>(23,242)</u>	<u>(2,624)</u>
Other sources and uses:					
Operating transfers from (to):					
Special Revenue Funds	40,000	40,000	-	40,000	-
General Fund	-	-	-	-	-
Total other sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	19,382	21,741	(4,983)	16,758	(2,624)
Fund balance beginning of year	9,547	(366)	9,913	9,547	-
Fund balance end of year	<u>\$ 28,929</u>	<u>21,375</u>	<u>4,930</u>	<u>26,305</u>	<u>(2,624)</u>

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales tax	\$ 42,275	43,444	(1,318)	42,126	(149)
Interest revenue	-	290	-	290	290
Total revenues	<u>42,275</u>	<u>43,734</u>	<u>(1,318)</u>	<u>42,416</u>	<u>141</u>
Expenditures:					
Overhead collection expense	-	1,318	(1,318)	-	-
Miscellaneous expense	-	3	-	3	3
Total expenditures	<u>-</u>	<u>1,321</u>	<u>(1,318)</u>	<u>3</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	<u>42,275</u>	<u>42,413</u>	<u>-</u>	<u>42,413</u>	<u>138</u>
Other uses:					
Operating transfers from (to):					
Special revenue funds	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>	<u>(32,000)</u>	<u>-</u>
Total other uses	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>	<u>(32,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>10,275</u>	<u>10,413</u>	<u>-</u>	<u>10,413</u>	<u>138</u>
Fund balance beginning of year	<u>3,041</u>	<u>3,040</u>	<u>-</u>	<u>3,040</u>	<u>(1)</u>
Fund balance end of year	<u>\$ 13,316</u>	<u>13,453</u>	<u>-</u>	<u>13,453</u>	<u>137</u>

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, 1998

	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Taxes:					
Sales tax	\$ -	4,725	-	4,725	4,725
Interest revenue	-	-	-	-	-
Total revenues	-	4,725	-	4,725	4,725
Expenditures:					
General government	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	4,725	-	4,725	4,725
Other uses:					
Operating transfers from (to):					
Special revenue funds	-	-	-	-	-
Total other uses	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other uses	-	4,725	-	4,725	4,725
Fund balance beginning of year	-	-	-	-	-
Fund balance end of year	\$ -	4,725	-	4,725	4,725

DEBT SERVICE FUNDS

Water System 7-1-67:

To accumulate monies for payment of the 1967 \$343,000 Public Improvement Bonds, which are serial bonds due in annual installments, plus interest, through maturity in 1997. Debt service is authorized to be financed by the levy of a specific ad valorem tax.

Public Improvement 3-1-73 "A":

To accumulate monies for payment of the 1973 \$260,000 public improvement Bond Series A, which are serial bonds due in annual installments, plus interest, through maturity in 1993. Debt service is financed by the levy of a specific ad valorem tax and revenues generated by the rental of an industrial building, which was acquired from the proceeds of the bond issue.

TOWN OF HOMER
 DEBT SERVICE FUNDS
 Combining Balance Sheet
 June 30, 1998

C-1

	Water System 7-1-67	Public Improvement 3-1-73"A"	Totals 1998
ASSETS			
Cash	\$ 5,546	1,022	6,568
Interest bearing deposits	<u>4,012</u>	<u>-</u>	<u>4,012</u>
Total Assets	<u>\$ 9,558</u>	<u>1,022</u>	<u>10,580</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Interest Payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Unreserved & undesignated	<u>9,558</u>	<u>1,022</u>	<u>10,580</u>
Total Liabilities and Fund Balance	<u>\$ 9,558</u>	<u>1,022</u>	<u>10,580</u>

TOWN OF HOMER
 DEBT SERVICE FUNDS
 Combining Statement of Revenue Expenditures and Changes in Fund Balance
 June 30, 1998

	Water System 7-1-67	Public Improvement 3-1-73"A"	1998
REVENUES:			
Interest earned on investment	\$ 418	422	840
Total Revenues	<u>418</u>	<u>422</u>	<u>840</u>
EXPENDITURES:			
Miscellaneous Expense	154	-	154
Total Expenditures	<u>154</u>	<u>-</u>	<u>154</u>
Excess (deficiency) of revenues over expenditures	<u>264</u>	<u>422</u>	<u>686</u>
Fund Balance at beginning of year	<u>9,294</u>	<u>600</u>	<u>9,894</u>
Fund Balance at end of year	<u>\$ 9,558</u>	<u>1,022</u>	<u>10,580</u>

The accompanying notes are an integral part of these financial statements

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 *Louisiana Power and Light Company*.

TOWN OF HOMER
 ENTERPRISE FUND
 Proprietary Fund Type - Utilities and Sanitation
 Balance Sheet
 June 30, 1998

	<u>1998</u>
ASSETS:	
Current Assets:	
Cash	\$ 142,130
Interest-bearing deposits	235,367
Due from Other Funds	13,966
Accounts receivable:	
Utilities and sanitation	<u>141,901</u>
Total current assets	<u>533,364</u>
Restricted Assets:	
Bond reserve account	23,842
Customer's meter deposits	95,899
Bond interest and redemption account	207,602
Depreciation and contingency account	<u>82,869</u>
Total restricted assets	<u>410,212</u>
Property, plant and equipment	10,778,862
Less: accumulated depreciation	<u>(3,690,014)</u>
	<u>7,088,848</u>
Total Assets	<u>\$ 8,032,424</u>

	<u>1998</u>
LIABILITIES AND FUND EQUITY	
Current liabilities (payable from current assets):	
Accounts payable	<u>\$ 41,604</u>
Current liabilities (payable from restricted assets):	
Revenue bonds and notes	27,286
Accrued interest	56,264
Customer's deposits	<u>87,933</u>
Total	<u>171,483</u>
Total current liabilities	<u>213,087</u>
Long-term liabilities:	
Revenue bonds	2,881,726
Less current portion	<u>(27,286)</u>
Total long-term liabilities	<u>2,854,440</u>
Total liabilities	<u>3,067,527</u>
Fund equity:	
Contributions	<u>3,832,401</u>
Retained Earnings	
Reserved for revenue bond retirement	207,602
Reserved for bond depreciaton and contingency	96,933
Unreserved	<u>827,961</u>
Total retained earnings	<u>1,132,496</u>
Total fund equity	<u>4,964,897</u>
Total liabilities and fund equity	<u>\$ 8,032,424</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, 1998

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	<u>1998</u>
Operating Revenues:	
Water sales and service	\$ 284,887
Operating agreement - LP&L	68,741
Sewer System	399,468
Sanitation	149,549
Delinquent charges	21,984
Miscellaneous	2,748
Total operating revenues	<u>927,377</u>
Operating expenses:	
Water department	162,820
Sewer department	158,859
Sanitation department	134,490
General and administrative	466,847
Total operating expenses	<u>923,016</u>
Operating income (loss)	<u>4,361</u>
Nonoperating revenues (expenses):	
Interest income	34,659
Interest expense	(180,736)
Total nonoperating revenues and expenses	<u>(146,077)</u>
Income (loss) before operating transfers	(141,716)
Operating transfers:	
Transfers out	<u>-</u>
Net income (loss)	(141,716)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	63,868
Retained earnings at beginning of year	<u>1,210,344</u>
Retained earnings at end of year	<u>\$ 1,132,496</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, 1998

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	<u>1998</u>
Water Department Expenses:	
Salaries	98,964
Electricity	18,271
Supplies expense	38,918
Miscellaneous	6,667
Total water department	<u>162,820</u>
Sewer Department Expenses:	
Salaries	34,196
Electricity	68,251
Supplies expense	56,412
Total sewer department	<u>158,859</u>
Sanitation Department Expenses:	
Contract services	<u>134,490</u>
General and Administrative Expenses:	
Salaries Mayor, Council and Office	54,818
Postage	3,381
Townhall supplies, repairs and maintenance	12,097
Legal and accounting	9,920
Office supplies	5,377
Convention and travel	954
Telephone	10,758
Utilities	39,486
Insurance	58,799
Employees benefits	42,927
Payroll taxes	9,310
Miscellaneous	11,938
Utility fund depreciation	207,805
Bad debt expense	-
Accrued vacation expense	(723)
Total general and administrative expense	<u>466,847</u>
Total expenses	<u><u>923,016</u></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, 1998

E-1

	<u>1998</u>
ASSETS	
Cash	\$ 10,500
Total Assets	<u>\$ 10,500</u>
 LIABILITIES	
Due to General Fund	<u>\$ 10,500</u>
Total Liabilites	<u>\$ 10,500</u>

Statement of changes in Assets and Liabilities

	<u>Balance 6/30/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/98</u>
ASSETS				
Cash	\$ 10,653	20,803	20,956	10,500
Total Assets	<u>\$ 10,653</u>	<u>20,803</u>	<u>20,956</u>	<u>10,500</u>
 LIABILITIES				
Due to General Fund	\$ 10,653	20,803	20,956	10,500
Total Liabilites	<u>\$ 10,653</u>	<u>20,803</u>	<u>20,956</u>	<u>10,500</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, 1998

F-1

	<u>1998</u>
General Fixed Assets at cost:	
Land	\$ 87,743
Buildings	984,486
Improvements other than buildings	4,405,450
Airport	464,188
Equipment	<u>974,207</u>
 Total General Fixed Assets	 <u>\$ 6,916,074</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	671,257
Sales tax and special revenue funds	1,976,145
Federal reveue sharing funds	<u>162,933</u>
 Total investment in general fixed assets	 <u>\$ 6,916,074</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HOMER

F-2

Statement of Changes in Fixed Assets
Year ended June 30, 1998

	Land	Buildings	Improvements Other than Buildings	Airport	Equipment	Total
General fixed assets at beginning of year	\$ 87,743	961,986	4,016,406	464,188	899,838	6,430,161
Additions:						
General fund revenues	-	-	-	-	1,920	1,920
Federal and state grants	-	22,500	368,687	-	-	391,187
Sales tax and special revenue fund revenues	-	-	20,357	-	72,449	92,806
Total additions	-	22,500	389,044	-	74,369	485,913
Total balances and additions	87,743	984,486	4,405,450	464,188	974,207	6,916,074
Deductions:						
Assets sold, traded, junked	-	-	-	-	-	-
Total deductions	-	-	-	-	-	-
General fixed assets at end of year	\$ 87,743	984,486	4,405,450	464,188	974,207	6,916,074

**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, 1998

1996 Certificate of Indebtedness	Unpaid Leave	Totals 1998
\$ -	-	-
-	14,032	14,032
-	-	-
109,000	-	109,000
<u>\$ 109,000</u>	<u>14,032</u>	<u>123,032</u>
<u>\$ 109,000</u>	<u>14,032</u>	<u>123,032</u>

AMOUNTS AVAILABLE AND TO BE PROVIDED
 FOR PAYMENT OF GENERAL LONG-TERM

DEBT

Amount available in debt service fund
 for debt retirement

Funds to be provided from:

- General fund revenues
- Ad valorem taxes
- Sales taxes

GENERAL LONG-TERM DEBT PAYABLE

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

The accompanying notes are an integral part of these statements

OTHER SUPPLEMENTARY INFORMATION

TOWN OF HOMER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of the Town of Homer, Louisiana.
2. No reportable conditions relating to the audit of the general purpose financial statements of the Town of Homer, Louisiana are reported.
3. No instances of noncompliance material to the general purpose financial statements of the Town of Homer, Louisiana were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs of the Town of Homer, Louisiana are reported.
5. The auditors' report on compliance for the major federal award programs for the Town of Homer, Louisiana expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Town of Homer, Louisiana are reported in Part C. of this Schedule.
7. The Town of Homer, Louisiana had the following major federal award programs:
 - Community Development Block Grant from the Department of Housing & Urban Development passed through the State of Louisiana-Division of Louisiana - CFDA No. 14.228
 - 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 not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

98-1:

Criteria: Louisiana R. S. 33:4712 requires a public bid process for the sale of property no longer needed for public purposes.

Condition: The Town of Homer, Louisiana sold a vehicle to an employee without following the formal public bid process.

Auditors' Recommendation: The public bid process as required by Louisiana R.S. 33:4712 should be followed whenever property is to be sold.

TOWN OF HOMER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 1998

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

98-2:

Criteria: 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.

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 ongoing.

Effect: In essence, continuing to provide utility services to past due accounts results in a loan to the customers.

Cause: The Town of Homer, Louisiana has no written policy regarding customers with past due balances.

Auditors' 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.

98-3:

Criteria: 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.

Condition: The Town of Homer, Louisiana has not placed the required monthly deposits into a Sinking Fund bank account.

Auditors' Recommendation: The required monthly deposits should be placed into a Sinking Fund in accordance with the debt covenants of the Certificate of Indebtedness, Series 1996.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

98-4:

U.S. DEPARTMENT OF AGRICULTURE - RURAL DEVELOPMENT

\$ 590,000 Sewer Revenue Bonds, Dated June 28, 1996, Purchased by Rural Development (formerly Farmers Home Administration) CFDA No. 10.418

Criteria: The debt covenants of the Sewer Revenue Bonds require monthly deposits into a Sinking Fund, Reserve Fund, and Depreciation and Contingency Fund.

Condition: The Town of Homer, Louisiana has not made the required monthly deposits into the funds set forth by the debt covenants.

Effect: The debt covenant funds lack the proper balances.

Auditors' 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.

Town's Response: The Town agrees with the finding.

Town of Homer

400 East Main Street

Homer, Louisiana 71040

Huey Dean

Mayor

CORRECTIVE ACTION PLAN

December 9, 1998

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

Dear Dr. Kyle:

The Town of Homer, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 1998 for the Schedule of Findings and Questioned Costs. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

98-1:

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

Action Taken: The Town of Homer, Louisiana will adhere to the public bid process as required by Louisiana R.S. 33: 4712 in the future in the event property is to be sold.

98-2:

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 Town's personnel.

Action Taken: The Town of Homer, Louisiana will establish a written policy providing procedures for customers with past due accounts which conforms to the legal requirements of Louisiana Constitution Article 7, Section 14. The written policy will be communicated to the Town's personnel.

98-3:

Recommendation: The required monthly deposits should be placed into a Sinking Fund in accordance with the debt covenants of the Certificate of Indebtedness, Series 1996.

Action Taken: The debt covenants have been reviewed and the required monthly deposits will commence within thirty(30) days.

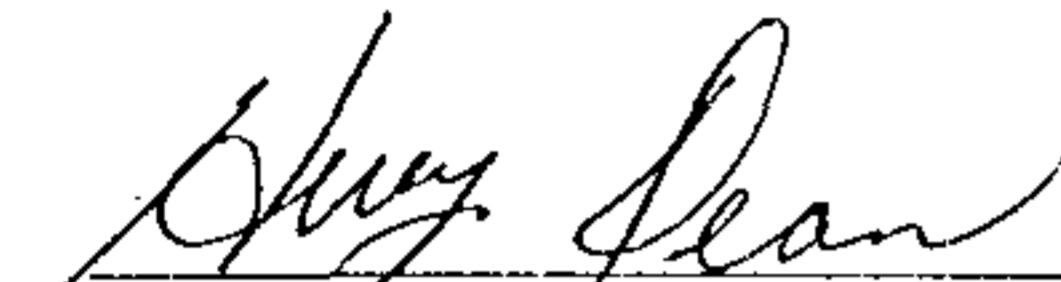
C. FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

98:4:

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

Action Taken: The debt covenant requirements of the Sewer Revenue Bonds have been reviewed and the appropriate debt covenant funds, balances and monthly deposits will be established or begun within thirty(30) days.

Sincerely,



Huey Dean, Mayor

TOWN OF HOMER, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 1998

PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS

Prior Audit Findings related to Internal Control

Finding 1

Condition: The Town did not oversee its internal control function. The Town did not know they were responsible for the administration of the Rural Development Grant and Loan. The Town staff was not familiar with the responsibilities of the administrator.

Recommendation: The Town should ensure that an administrator is assigned or hired on all grant or loan programs. Further the Town should ascertain that these administrators are fully qualified and trained for that position.

Current Status: The Town's management followed the recommendation. No similar findings were noted in the audit for the year ended June 30, 1998.

Prior Audit Findings Related to Compliance

Finding 1

Condition: The Town did not pay one of the contractors in a timely manner. The contractor was not paid until the Rural Development Administrator wrote the Town a letter demanding that the contractor be paid.

Recommendation: The Town should pay all debts on Grant projects in a timely manner as required by Federal law.

Current status: Debts on grant projects have been paid in a timely manner. No similar findings were noted in the audit for the year ended June 30, 1998.

Finding 2

Condition: The Town's grant file was incomplete on the Rural Development Grant. This happened partially because they were not aware that they were the grant administrator and consequently did not think they were required to maintain these records.

Recommendation: The Town should maintain adequate records to meet federal and state requirements for grant recipients.

Current status: The grant files were found to be appropriate. No similar findings were noted in the audit for the year ended June 30, 1998.

PRIOR AUDIT FINDINGS RELATED TO FINANCIAL STATEMENTS

Prior Audit Findings Related to Internal Control

Finding 1

Condition: Lack of understanding and cooperation from Town staff in providing records.

Recommendation: The Town should decide what kind of service it wants from the outside accountant and then provide the support necessary for the outside accountant to do their engagement.

Current status: The Town staff were cooperative in providing the necessary supporting records. No similar findings were noted in the audit for the year ended June 30, 1998.

TOWN OF HOMER, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
June 30, 1998

Finding 2

Condition: The Town ran out of checks for one bank account and used temporary checks in the interim period. The interim checks were not numbered in sequence, making documentation of checks written difficult.

Recommendation: The Town should ensure that checks are numbered in sequence, even when using temporary checks.

Current status: Proper check numbering has been maintained. No similar audit findings were noted in the audit for the year ended June 30, 1998.

Finding 3

Condition: The Town has too many funds set up, for example the Enterprise Fund consists of eleven different funds in their computer system. This complexity makes determining the Town's condition very difficult.

Recommendation: The Town should combine as many of the separate fund accounts as possible.

Current status: The Town has established the necessary funds to appropriately account for the financial activities. No similar audit findings were noted in the audit for the year ended June 30, 1998.

Finding 4

Condition: The Town does not always retain consistent documentation of activity. For example, only part of the insurance expense documentation could be located in the insurance files maintained by the staff. The same situation occurred with sales tax receipt transmittals.

Recommendation: The Town should select a documentation procedure for supporting accounting transactions and apply that procedure consistently.

Current status: Appropriate documentation for accounting transactions has been maintained. No similar audit findings were noted in the audit for the year ended June 30, 1998.

Prior Audit Findings Related to Compliance

Finding 1

Condition: The Town does not maintain adequate fixed asset records. Last year there was an inventory taken. However, those records have not been updated for subsequent activity. During the early stages of my engagement, documentation of current fixed asset purchases was requested. That documentation was never provided.

Recommendation: The Town should maintain Fixed Asset Accounting records that are in place.

Current status: The Fixed Asset records have been updated by the Town staff. No similar audit findings were noted in the audit for the year ended June 30, 1998.

Finding 2

Condition: The Town purchased a tractor for the local golf club. While the Town was reimbursed for the cost of the tractor, no sales tax was paid.

Recommendation: The Town should refrain from making purchase on behalf of other entities. Further, the Town should collect the sales tax on the tractor and pay those funds to the appropriate taxing authorities.

Current status: The recommendation has been followed. No similar audit findings were noted in the audit for the year ended June 30, 1998.

TOWN OF HOMER, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
June 30, 1998

Finding 3

Condition: The Town sold a vehicle to an employee without meeting the legal requirements for selling of Town assets.

Recommendation: The Town should ensure that it meets all legal requirements before selling any Town assets.

Current status: A similar audit finding for the year ended June 30, 1998 is noted on the Schedule of Findings and Questioned Costs under Finding 98-1.

Finding 4

Condition: In a council meeting in April, 1997, the Mayor was authorized to see about switching insurance companies. The company was shown in the minutes. The insurance was switched to another company, one owned by a relative of the Mayor. There were checks made out to that insurance company several weeks before the matter was brought to the council. The insurance eventually was transferred to the company originally authorized.

Recommendation: If a matter is significant enough to bring to the council, then any changes to the approved action should also come back to the council for approval.

Current status: The recommendation has been followed. No similar findings were noted in the audit for the year ended June 30, 1998.

Finding 5

Condition: The audit report was not completed within six months as required by Louisiana law.

Recommendation: The Town should monitor the outside accountant's progress on the audit and provide all necessary support to ensure timely completion of the audit.

Current status: The audit for the current year ended June 30, 1998 will be completed in a timely manner.

TOWN OF HOMER, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 1998

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>Federal CFDA#</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
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	\$ 1,181,954
Sewer Revenue Bonds of the Town of Homer, Louisiana, original \$1,200,000 purchased by Farmers Home Administration	10.418	\$ 1,200,000	\$ 1,130,006
Sewer Revenue Bonds of the Town of Homer, Louisiana, original \$ 590,000 purchased by Farmers Home Administration	10.418	\$ 590,000	\$ 590,000
Rural Development-Rural Utilities Service-Sewer Development Grant	10.770	\$ 942,500	\$ 120,000
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State of Louisiana - Division of Administration:			
LA Community Development Block Grant-FY 1996	14.228	\$ 368,687	\$ <u>368,687</u>
Total Federal Expenditures			\$ <u>3,390,647</u>