Town of Homer

FINANCIAL STATEMENTS

December 31, 2025



	Page
FINANCIAL SECTION	
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position – Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Fund Position – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15
Notes to Financial Statements	17
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	45
Budgetary Comparison Schedule – Police Fund	46
Budgetary Comparison Schedule – Street Fund	47
Budgetary Comparison Schedule – Industrial Development Fund	48
Budgetary Comparison Schedule – Fire Fund	49
Budgetary Notes to Required Supplementary Information	50
Schedule of Employer's Proportionate Share of the Net Pension Liability	51
Schedule of Employer Contributions to the Plans	52
Other Supplementary Information	
Combining Financial Statements	
Balance Sheet – Nonmajor Governmental Funds	54
Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	55
Schedule of Compensation to Board of Selectmen	56
Schedule of Compensation, Benefits, Reimbursements and Other Payments to or on behalf of Agency Head	57
Justice System Funding Schedule – Collecting / Disbursing Schedule	58
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	60
Schedule of Findings and Management's Responses	62
Exhibit A – Mayor's Responses to Schedule of Findings and Questioned Costs	68
Exhibit B – Fiscal Administrator's Responses to Schedule of Findings and Questioned Costs	70

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

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

Mailing Address:
PO Box 4278
Shreveport, LA 71134

318.222.2222
318.226.7150 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, Louisiana (the "Town"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Homer, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Town's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.
Shreveport, Louisiana
October 16, 2026

TOWN OF HOMER

Basic Financial Statements

Town of Homer
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 571,969	$ 254,727	$ 826,696
Cash and cash equivalents - restricted	-	196,108	196,108
Receivables, net of allowance for uncollectibles	259,128	315,160	574,288
Internal balances	763,468	341,420	1,104,888
Other assets	45,758	-	45,758
Capital assets:			
Capital assets not being depreciated	382,848	13,330	396,178
Capital assets, net of accumulated depreciation	2,295,233	11,607,205	13,902,438
Total assets	4,318,404	12,727,950	17,046,354
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	57,915	7,517	65,432
Total deferred outflows of resources	57,915	7,517	65,432
LIABILITIES			
Accounts payable	61,427	122,632	184,059
Payroll and related liabilities	163,967	-	163,967
Accrued liabilities	129,723	-	129,723
Accrued interest payable	-	3,119	3,119
Internal balances	828,335	276,553	1,104,888
Due to customers	-	158,543	158,543
Customer deposits payable	-	140,245	140,245
Non-current liabilities:			
Due within one year	26,576	449,640	476,216
Due in more than one year	-	5,728,089	5,728,089
Net pension liability	481,645	64,715	546,360
Total liabilities	1,691,673	6,943,536	8,635,209
DEFERRED INFLOWS OF RESOURCES			
Pension related	337,542	40,512	378,054
Total deferred inflows of resources	337,542	40,512	378,054
NET POSITION			
Net investment in capital assets	2,651,505	5,442,806	8,094,311
Restricted	68,092	55,863	123,955
Unrestricted (deficit)	(372,493)	252,750	(119,743)
Total net position (deficit)	$ 2,347,104	$ 5,751,419	$ 8,098,523

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

Town of Homer
Statement of Activities
For the year ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Total
Governmental Activities:						
General government	$ 680,506	$ 98,810	32,756	$ (548,940)	$ -	$ (548,940)
Public safety	519,419	40,762	46,600	(432,057)	-	(432,057)
Highways and streets	338,102	-	30	(338,072)	-	(338,072)
Health and welfare	8,800	-	-	(8,800)	-	(8,800)
Culture and recreation	42,128	-	-	(42,128)	-	(42,128)
Economic development	151,359	13,250	-	(138,109)	-	(138,109)
Interest expense	17,380	-	-	(17,380)	-	(17,380)
Total governmental activities	1,757,694	152,822	79,386	(1,525,486)	-	(1,525,486)
Business-type activities						
Utility operations	2,344,380	2,515,396	-	-	171,016	171,016
Total business-type activities	2,344,380	2,515,396	-	-	171,016	171,016
Total primary government	$ 4,102,074	$ 2,668,218	$ 79,386	$ (1,525,486)	$ 171,016	$ (1,354,470)
General Revenues:						
Taxes:						
Property taxes				135,910	-	135,910
Sales and use taxes				1,482,189	406,001	1,888,190
Franchise taxes				91,174	-	91,174
Other taxes, penalties and interest				149,122	-	149,122
Unrestricted investment earnings				5,114	9,103	14,217
Other				245,402	255,276	500,678
Transfers, net				60,619	(60,619)	-
Total general revenues and transfers				2,169,530	609,761	2,779,291
Change in net position				644,044	780,777	1,424,821
Net position at beginning of year				1,703,060	4,970,642	6,673,702
Net position at end of year				$ 2,347,104	$ 5,751,419	$ 8,098,523

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

Town of Homer
Balance Sheet – Governmental Funds
December 31, 2025

	General	Special Revenue Funds: Street	Special Revenue Funds: Industrial Development	Special Revenue Funds: Police	Special Revenue Funds: Fire	Nonmajor	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 386,538	$ 10,174	$ -	$ 31,355	111,785	$ 32,117	$ 571,969
Receivables, net	150,660	35,822	-	45,075	11,625	15,946	259,128
Due from other funds	763,254	64	-	150	-	-	763,468
Other assets	5,656	-	-	37,697	2,405	-	45,758
Total assets	$ 1,306,108	$ 46,060	$ -	$ 114,277	$ 125,815	$ 48,063	$ 1,640,323
LIABILITIES							
Liabilities:							
Accounts payable	$ 27,878	$ 12,079	$ 865	$ 8,115	$ 497	$ 11,993	$ 61,427
Payroll and related liabilities	163,967	-	-	-	-	-	163,967
Accrued liabilities	116,156	13,567	-	-	-	-	129,723
Due to other funds	57,777	170,643	12,293	428,384	57,226	102,012	828,335
Total liabilities	365,778	196,289	13,158	436,499	57,723	114,005	1,183,452
Deferred Inflows - Property taxes	13,072	-	-	-	-	-	13,072
FUND BALANCES							
Restricted fund balances	-	-	-	-	68,092	-	68,092
Unassigned fund balances (deficit)	927,258	(150,229)	(13,158)	(322,222)	-	(65,942)	375,707
Total fund balance (deficit)	927,258	(150,229)	(13,158)	(322,222)	68,092	(65,942)	443,799
Total liabilities, deferred inflows of resources, and fund balances	$ 1,306,108	$ 46,060	$ -	$ 114,277	$ 125,815	$ 48,063	$ 1,640,323

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

Town of Homer
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025

Total Fund balances - governmental funds	$	443,799
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net used in governmental activities, net of accumulated depreciation of ($7,769,039), are not financial resources, therefore, are not reported in the funds.		2,678,081
Unearned revenue from the fund financial statements recognized in the government-wide financial statements		13,072
Deferred items for pension related items are not reported in the fund financial statements:		
Deferred outflows		57,915
Deferred inflows		(337,542)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:		
Net pension liability		(481,645)
Capital leases		(26,576)
Net position of governmental activities	$	2,347,104

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

Town of Homer
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the year ended December 31, 2025

		Special Revenue Funds		
	General	Street	Industrial Development	Police
REVENUES				
Taxes:				
Ad valorem	$ 135,910	$ -	$ -	$ -
Sales and use	622,024	286,882	-	388,792
Franchise	91,174	-	-	-
Other taxes, penalties and interest	130,340	-	-	-
Licenses and permits fees	81,569	-	-	-
Intergovernmental:				
Federal funds	-	-	32,756	-
State funds:				
FA proceeds	180,555	-	-	-
Fire insurance rebate	-	-	-	-
Supplemental pay	-	-	-	21,600
Charges for services	20,012	30	-	1,445
Fines	-	-	-	17,241
Rental income	5,350	-	7,750	-
Interest earned	2,798	114	349	240
Other revenues	60,582	-	-	9,052
Total revenues	1,330,314	287,026	40,855	438,370
EXPENDITURES				
Current:				
General government:				
Legislative	36,000	-	-	-
Finance and administrative	514,738	-	-	-
Other general government	307,059	-	-	-
Public safety:				
Police Department	-	-	-	393,638
Fire Department	-	-	-	-
Highways and streets	-	307,475	-	-
Health and welfare	8,800	-	-	-
Culture and recreation	-	-	-	-
Economic development	2,950	-	9,618	-
Debt service:				
Principal	-	-	-	16,000
Interest and other charges	-	-	-	1,304
Capital outlay	-	-	-	-
Total expenditures	869,547	307,475	9,618	410,942
Excess (deficiency) of revenues over (under) expenditures	460,767	(20,449)	31,237	27,428
OTHER FINANCING SOURCES (USES)				
Operating transfers in	502	60,800	9,900	14,762
Operating transfers out	(9,583)	-	-	-
Proceeds from sale of assets	-	2,691	-	-
Total other financing sources and uses	(9,081)	63,491	9,900	14,762
Net change in fund balances	451,686	43,042	41,137	42,190
Fund balances as beginning of year	475,572	(193,271)	(54,295)	(364,412)
Fund balances (deficit) at end of year	$ 927,258	$ (150,229)	$ (13,158)	$ (322,222)

(continued)

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

Town of Homer
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the year ended December 31, 2025

	Special Revenue Fund		
	Fire	Nonmajor	Total Governmental Funds
REVENUES			
Taxes:			
Ad valorem	$ -	$ -	$ 135,910
Sales and use	59,628	124,863	1,482,189
Franchise	-	-	91,174
Other taxes, penalties and interest	-	18,782	149,122
Licenses and permits fees	-	-	81,569
Intergovernmental:			
Federal funds	-	-	32,756
State funds:			
FA proceeds	-	-	180,555
Fire insurance rebate	25,000	-	25,000
Supplemental pay	-	-	21,600
Charges for services	30	-	21,517
Fines	-	-	17,241
Rental income	-	-	13,100
Interest earned	1,388	225	5,114
Other revenues	-	150	69,784
Total revenues	86,046	144,020	2,326,631
EXPENDITURES			
Current:			
General government:			
Legislative	-	-	36,000
Finance and administrative	-	-	514,738
Other general government	-	-	307,059
Public safety:			
Police Department	-	-	393,637
Fire Department	127,874	-	127,874
Highways and streets	-	-	307,475
Health and welfare	-	-	8,800
Culture and recreation	-	72,904	72,904
Economic development	-	50,631	63,199
Debt service:			
Principal	-	12,000	28,000
Interest and other charges	-	1,027	2,331
Capital outlay	15,415	-	15,415
Total expenditures	143,289	136,562	1,877,432
Excess (deficiency) of revenues over (under) expenditures	(57,243)	7,458	449,199
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	85,963
Operating transfers out	-	(15,762)	(25,345)
Proceeds from sale of assets	-	-	2,691
Total other financing sources and uses	-	(15,762)	63,309
Net change in fund balances	(57,243)	(8,304)	512,508
Fund balances as beginning of year	125,335	(57,638)	(68,709)
Fund balances (deficit) at end of year	$ 68,092	$ (65,942)	$ 443,799

(concluded)

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

Town of Homer
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2025

Net change in fund balances - total governmental funds	$	512,508
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		15,415
Depreciation		(195,820)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Revenues deferred in the prior year		(13,209)
Revenues deferred in the current year		13,072
Payments of long-term debt, including contributions to the retirement systems, are reported as expenditures in governmental funds. However, these amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities.		
Finance purchase payments		30,331
Pension expense		262,472
Contributions to pension plan from third parties		19,275
Change in net position of governmental activities	$	644,044

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

Town of Homer
Statement of Net Position - Proprietary Funds
December 31, 2025

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 254,727
Receivables, net	315,160
Due from other funds	341,420
Total current assets	911,307
Noncurrent Assets:	
Restricted:	
Cash and cash equivalents	196,108
Total restricted assets	196,108
Capital Assets, net	
Total capital assets (net of accumulated depreciation)	11,620,535
Total noncurrent assets	11,816,643
Total assets	12,727,950
DEFERRED OUTFLOWS	
Pension related	7,517
LIABILITIES	
Current Liabilities:	
Accounts payable	122,632
Accrued interest	3,119
Due to other funds	276,553
Due to customers	158,543
Customer deposits payable	140,245
Current portion of Long-term Liabilities	449,640
Total current liabilities	1,150,732
Noncurrent Liabilities:	
Noncurrent portion of Long-term Liabilities	5,728,089
Net pension liability	64,715
Total noncurrent liabilities	5,792,804
Total liabilities	6,943,536
DEFERRED INFLOWS OF RESOURCES	
Pension related	40,512
NET POSITION	
Net investment in capital assets	5,442,806
Restricted	196,108
Unrestricted net position (deficit)	112,505
TOTAL NET POSITION	$ 5,751,419

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

Town of Homer
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
For the year ended December 31, 2025

	Enterprise Fund
OPERATING REVENUES	
Charges for sales and services	
Water charges	1,338,461
Sewer charges	1,153,094
Garbage charges	23,841
Total operating revenues	2,515,396
OPERATING EXPENSES	
Depreciation expense	548,272
Insurance expense	99,805
Maintenance and repair	357,891
Materials and supplies	21,055
Operating costs	786,514
Professional fees	32,996
Salaries and related benefits	188,674
Utilities	111,663
Total operating expenses	2,146,870
Operating income (loss)	368,526
NONOPERATING REVENUES (EXPENSES)	
Sales and use tax	406,001
Interest earned	9,103
Other revenues	255,276
Interest expense	(197,510)
Total nonoperating revenue (expenses)	472,870
Income (loss) before transfers	841,396
Transfers in	181
Transfers out	(60,800)
Net transfers in (out)	(60,619)
Change in net position	780,777
Net position at beginning of year	4,970,642
Net position at end of year	$ 5,751,419

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

Town of Homer
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2025

	Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	$ 2,360,223
Payments to suppliers	(1,735,976)
Payments to employees	(209,197)
Net cash provided by operating activities	415,050
Cash flows from noncapital financing activities:	
Transfer from other funds	181
Transfer to other funds	(60,800)
Proceeds from sales and use taxes	406,001
Other receipts	80,641
Net cash provided by noncapital and related financing activities	426,023
Cash flows from capital and related financing activities:	
Purchases of capital assets	(382)
Principal paid on capital debt	(472,821)
Interest paid on capital debt	(197,510)
Net cash used by capital and related financing activities	(670,713)
Cash flows from investing activities:	
Interest received	9,103
Net cash provided by investing activities	9,103
Net increase (decrease) in cash and cash equivalents	179,463
Cash and cash equivalents, beginning of year	271,372
Cash and cash equivalents, end of year	$ 450,835

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

Town of Homer
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2025

Reconciliation of operating loss to net cash provided by operating activities:	**Enterprise Fund**
Operating loss	$ 368,526
Adjustments to reconcile operating loss to cash cash provided by operating activities:	
Depreciation expense	548,272
Allowance for doubtful accounts	224,632
(Increase) Decrease in	
(Increase) Decrease in accounts receivable	(378,125)
Increase (Decrease) in	
Increase (decrease) in accounts payable	(326,052)
Increase (decrease) in customer deposits	(1,680)
Increase (decrease) in net pension liabilities	(20,523)
Total adjustments	46,524
Net cash provided by operating activities	$ 415,050

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary fund as of and for the year ended December 31, 2025.

Reporting Entity

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

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

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

The Town reports the following major proprietary fund:

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

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

Budgetary Information

Budgetary Basis of Accounting

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

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

Excess of Expenditures over Appropriations

For the year ended December 31, 2025, expenditures exceeded appropriations in the Street, Fire, and Enterprise funds resulting in budget violations.

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

Cash and Cash Equivalents

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

Receivables and Payables

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

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

Interfund Activities and Transactions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Activities and Transactions (continued)

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

Restricted Assets

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

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

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

Capital Assets

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

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

> Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee of leased property. They are depreciated principally using the straight-line method with an estimated useful life typically between 10 to 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the terms of the lease. Construction in progress is not depreciated.
>
> Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

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

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Compensated Absences

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASBC Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Finance purchases

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

Pensions

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

Categories and Classification of Net Position and Fund Balance

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

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

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

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 16, 2026, and determined there were no events that occurred that required disclosure.

Recently Issued and Implemented Accounting Pronouncements

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Pronouncements Issued But Not Yet Effective

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

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

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

Note 2: GOING CONCERN AND MANAGEMENT'S PLANS

The Town of Homer experienced cash-flow issues from lack of oversight and poor fiscal management resulting in its failure to properly remit payroll taxes, retirement plan payments and make timely bond payments for the outstanding revenue related bonds in previous years, resulting in the appointment of a Fiscal Administrator on July 31, 2024.

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

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

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

Note 3: CASH AND CASH EQUIVALENTS

Deposits and Investments

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

At December 31, 2025, the Town has cash and cash equivalents as follows:

	Town Book Balances	Bank Balances
Cash on deposit	$ 1,022,304	$ 986,574
Petty cash	500	-
Total cash and cash equivalents	$ 1,022,804	$ 986,574
Federal Depository Insurance Coverage		$ 250,000
Pledged Securities		754,000
Total collateral for deposits		$ 1,004,000

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

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

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

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

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

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

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

Note 4: RECEIVABLES

The accounts receivable and allowance for uncollectible accounts at December 31, 2025, were as follows:

	Taxes and Licenses	Accounts Receivable, net	Intergovernmental	Net Receivables
General Fund	$ 150,660	$ -	$ -	$ 150,660
Street Fund	32,522	-	3,300	35,822
Police Fund	45,075	-	-	45,075
Fire Fund	11,625	-	-	11,625
Non-major funds	15,946	-	-	15,946
Total governmental activities	255,828	-	3,300	259,128
Enterprise Fund	39,488	275,672	-	315,160
Total	$ 295,316	$ 275,672	$ 3,300	$ 574,288

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of December 31, 2025.

The accounts receivable of the enterprise fund is made up of $691,771 in outstanding receivables with an allowance for doubtful accounts of $416,099.

There are no other reserves for receivables recorded by The Town as of December 31, 2025.

Note 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities during the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 178,313	$ -	$ -	$ 178,313
Construction in progress	204,535	-	-	204,535
Total capital assets not being depreciated	382,848	-	-	382,848
Capital assets being depreciated:				
Infrastructure	3,330,717	-	-	3,330,717
Land improvements	4,084,458	-	-	4,084,458
Buildings	971,033	-	-	971,033
Building improvements	324,784	-	-	324,784
Furniture and equipment	687,226	10,414	-	697,640
Vehicles	650,639	5,001	-	655,640
Total capital assets being depreciated	10,048,857	15,415	-	10,064,272

Note 5: CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Infrastructure	2,828,777	38,144	-	2,866,921
Land improvements	2,567,394	90,151	-	2,657,545
Buildings	805,638	13,694	-	819,332
Building improvements	182,140	12,893	-	195,033
Furniture and equipment	581,642	24,535	-	606,177
Vehicles	607,628	16,403	-	624,031
Total accumulated depreciation	7,573,219	195,820	-	7,769,039
Total capital assets being depreciated, net	2,475,638	(180,405)	-	2,295,233
Governmental activities, capital assets, net	$ 2,858,486	$ (180,405)	$ -	$ 2,678,081

Depreciation expense of $195,820 was charged to various functions on the statement of activities for the year ended Decembe 31, 2025, as follows:

Governmental activities:	
General government	$ 14,201
Public safety	47,173
Highways and streets	41,887
Culture and recreation	19,634
Economic development	72,925
Total depreciation expense	$ 195,820

The following is a summary of changes in capital assets for business-type activities during the year ended December 31, 2025:

	Beginning Balance	Increases	Deceases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 13,330	$ -	$ -	$ 13,330
Construction in progress	114,927	382	115,309	-
Total capital assets not being depreciated	128,257	382	115,309	13,330
Capital assets being depreciated:				
Infrastructure	22,671,764	115,309	-	22,787,073
Buildings	127,367	-	-	127,367
Furniture and equipment	146,345	-	-	146,345
Vehicles	227,341	-	-	227,341
Total capital assets being depreciated	23,172,817	115,309	-	23,288,126

Note 5: CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Deceases	Ending Balance
Less accumulated depreciation for:				
Infrastructure	10,655,492	542,896	-	11,198,388
Buildings	127,367	-	-	127,367
Furniture and equipment	123,208	4,620	-	127,828
Vehicles	226,584	754	-	227,338
Total accumulated depreciation	11,132,651	548,270	-	11,680,921
Total capital assets being depreciated, net	12,040,166	(432,961)	-	11,607,205
Business-type activities, capital assets, net	$12,168,423	($432,579)	$ 115,309.00	$ 11,620,535

Depreciation expense of $548,270 was charged to utility operations for business-type activities on the statement of activities and for the year ended December 31, 2025.

Note 6: LONG-TERM OBLIGATIONS

The following is a summary of governmental activities and business-type activities long-term obligations as of and for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases	$ 72,837	$ -	$ (46,261)	$ 26,576	$ 26,576
Net pension liability	932,337	-	(450,692)	481,645	-
Total governmental activities	$ 1,005,174	$ -	$ (496,953)	$ 508,221	$ 26,576
Business-type activities:					
Revenue Bonds - 2013 Issue	$ 1,340,000	$ -	$ (130,303)	$ 1,209,697	$ 134,602
LDEQ Revolving Loan	1,470,999	-	(140,000)	1,330,999	142,000
LDHH Revolving Loan	1,849,335	-	(117,000)	1,732,335	132,000
Utility Revenue Notes, Series 2018 (USDA)	1,943,955	-	(39,257)	1,904,698	41,038
Net pension liability	103,542	-	(38,827)	64,715	-
Total business-type activities	$ 6,707,831	$ -	$ (465,387)	$ 6,242,444	$ 449,640

In 2013, the Town issued $2,280,000 in Sewer revenue Bonds with an interest rate of 3.25%. The funds have a maturity of over a 20-year period with annual installments ranging from approximately $69,000 to $158,000. As of December 31, 2025, the outstanding balance of the Series 2013 bonds was $1,209,697.

In 2013, the Town entered into a loan agreement with the Louisiana Department of Environmental Quality to fund system improvements not to exceed $3,500,000. The loan bears interest at 0.45%. As of December 31, 2024, the outstanding balance of the LDEQ Revolving Loan was $1,330,999.

In 2015, the Town entered into a loan agreement with the Louisiana Department of Health and Human Services not to exceed $3,600.000. The loan bears interest at 2.95%. As of December 31, 2024, the outstanding balance of the LDHH Revolving Loan was $1,732,335.

Note 6: LONG-TERM OBLIGATIONS (Continued)

In 2018, the Town entered into a loan agreement with the United States Department of Agriculture not to exceed $1,995,000. The loan is to be paid off over 40 years bearing an interest rate of 3.49%. As of December 31, 2025, the outstanding balance of the USDA Revenue Notes was $1,904,698.

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

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

Principle Requirements	Financed Purchases	2013 Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
2026	$ 26,576	$ 134,602	$ 142,000	$ 132,000	$ 41,038	$ 476,216
2027	-	139,041	143,000	136,000	41,649	459,690
2028	-	143,629	145,000	142,000	42,270	472,899
2029	-	148,368	146,000	147,000	42,899	484,267
2030	-	153,264	148,000	151,000	43,538	495,802
2031-2035	-	490,793	606,999	839,000	227,615	2,164,407
2036-2040	-	-	-	185,335	245,079	430,414
2041-2045	-	-	-	-	263,884	263,884
2046-2050	-	-	-	-	284,131	284,131
2051-2055	-	-	-	-	305,932	305,932
2056-2060	-	-	-	-	325,639	325,639
2061-2065		-			41,024	41,024
Total	$ 26,576	$ 1,209,697	$ 1,330,999	$ 1,732,335	$ 1,904,698	$ 6,204,305

Interest Requirements	Financed Purchases	2013 Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
2026	1,080	35,913	5,626	40,180	26,714	109,513
2027	-	31,850	5,050	36,493	26,103	99,496
2028	-	27,788	4,470	32,658	25,482	90,398
2029	-	23,563	3,884	28,675	24,853	80,975
2030	-	19,175	3,294	24,545	24,214	71,228
2031-2035	-	29,576	6,276	55,614	111,145	202,611
2036-2040	-	-	-	-	93,681	93,681
2041-2045	-	-	-	-	74,876	74,876
2046-2050	-	-	-	-	54,629	54,629
2051-2055	-	-	-	-	32,828	32,828
2056-2060	-	-	-	-	10,433	10,433
2061-2065	-	-	-	-	84	84
	$ 1,080	$ 167,865	$ 28,600	$ 218,165	$ 505,042	$ 920,752

Note 6: LONG-TERM OBLIGATIONS (Continued)

Total Future Debt Requirements	Financed Purchases	2013 Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	USDA Revenue Bonds	Total
2026	27,656	170,515	147,626	172,180	67,752	585,729
2027	-	170,891	148,050	172,493	67,752	559,186
2028	-	171,417	149,470	174,658	67,752	563,297
2029	-	171,931	149,884	175,675	67,752	565,242
2030	-	172,439	151,294	175,545	67,752	567,030
2031-2035	-	520,369	613,275	894,614	338,760	2,367,018
2036-2040	-	-	-	185,335	338,760	524,095
2041-2045	-	-	-	-	338,760	338,760
2046-2050		-	-	-	338,760	338,760
2051-2055	-	-	-	-	338,760	338,760
2056-2060	-	-	-	-	336,072	336,072
2061-2065	-	-	-	-	41,108	41,108
	$ 27,656	$ 1,377,562	$ 1,359,599	$ 1,950,500	$ 2,409,740	$ 7,125,057

Interest expense for governmental and business-type activities for the year ended December 31, 2025, totaled $9,165 and $259,398, respectively.

During the first half of the year ended December 31, 2025, the Town was not in compliance with debt covenant reserve requirements for outstanding debt. During the first half of the year, the Town did not make required debt payments of principle and interest for the Louisiana Department of Environmental Quality Loan, Louisiana Department of Health and Hospitals Loan, and Series 2018 Utility Revenue Notes in a timely manner. The Fiscal Administrator established monthly sinking fund payments during the second half of the year to maintain compliance.

During the year ended December 31, 2025, the Fiscal Administrator was able to renegotiate the outstanding bonds either through extending the payment terms or modifying the debt service requirements for the remainding years. The only terms that were changed was related to the outstanding debt was the extension of the maturity schedule with modified maturities; interest rates were not changed.

Note 7: INTERFUND BALANCES AND TRANSFERS

As of December 31, 2025, the Town had the following interfund balances:

Fund	Due from	Due to
Governmental Activities:		
General	$ 763,254	$ 57,777
Street	64	170,643
Industrial Development	-	12,293
Police	150	428,384
Fire	-	57,226
Nonmajor governmental funds:		
Recreation	-	28,786
Tourism	-	73,226
Total governmental activities	$ 763,468	$ 828,335
Business-type Activities:		
Enterprise	$ 341,420	$ 276,553
Total Internal Balances	$1,104,888	$1,104,888

The composition of interfund transfers for the year ended December 31, 2025, is as follows:

Fund	Transfers in	Transfers out	Net transfers
Governmental Activities:			
General	$ 502	$ 9,583	$ (9,081)
Street	60,800	-	60,800
Industrial Development	9,900	-	9,900
Police	14,762	-	14,762
Nonmajor governmental funds:			
Recreation	-	-	-
Contingency	-	15,762	(15,762)
Tourism	-	-	-
Total governmental activities	$ 85,964	$ 25,345	$ 60,619
Business-type Activities:			
Enterprise	$ 181	$ 60,800	$ (60,619)

Note 8: FUND BALANCE AND NET POSITION

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

Note 9: RETIREMENT PLANS

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

Municipal Employees' Retirement System of Louisiana

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

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

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

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

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

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

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2025, the actual employer contribution rate was 28% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, MERSLA receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Contributions (continued)

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town to MERSLA monthly. The Town's contributions to MERSLA under Plan A for the year ended December 31, 2025, were $71,648.

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

Net pension liability at December 31, 2025, is comprised of the Town's proportionate share of the net pension liability relating to MERSLA. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The Town's proportion of the net pension liability for MERSLA was based on the Town's required contributions in proportion to the total required contributions for all participating employers, actuarially determined.

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

Proportion (amount) of net pension liability	$	302,457
Proportion (%) of net pension liability		0.131949%
Increase / decrease from prior measurement date		-0.06175%

		Proportionate Share
Total Pension Liability	$	1,829,628
Plan Fiduciary Net Position		1,527,171
Total Collective Net Pension Liability	$	302,457

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

For the year ended December 31, 2025, the Town recognized pension (benefit) expense of ($154,549).

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in investment earnings	$ -	$ (19,503)
Change of assumptions	-	(1,095)
Change in proportion and difference in contributions	84	(163,699)
Change in experience	687	(5,042)
Employer contributions	34,362	-
Total	$ 35,133	$ (189,339)

Town contributions subsequent to the measurement date of $34,362 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year period.

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

Other amouts reported as deferred outflows of resouces and deferred inflows of resources related to pensions will be recongized in pension expense as follows:

Year ended December 31,	Amount
2026	$ (86,199)
2027	$ (78,890)
2028	$ (16,349)
2029	$ (7,130)

Actuarial Methods and Assumptions

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

The actuarial assumptions used in the June 30, 2025 valuation were based on the assumptions used in the June 30, 2025 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2023. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025, are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.850%, net of investment expense
Inflation Rate	2.5%
Salary Increases	Vary from 9.0% in the first two years of service to 4.4% after 2 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	PubG-2010(B) Healthy Retiree Table for annuitants and beneficiaries and employees. PubNS-2010(B) Disabled Retiree Table with the full generational MP2018 scale.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the MERSLA's target allocation as of June 30, 2025, are summarized in the following table:

		Rates of Return
Asset Class	**Target Allocation**	**Long Term Expected Portfolio Real Rate of Return**
Public equity	53.00%	2.31%
Public fixed income	29.00%	1.26%
Alternatives	18.00%	0.78%
System Total	100.00%	4.35%
Inflation		2.50%
Expected nominal return		6.85%

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Employees' Retirement System of Louisiana (continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2025.

	1% Decrease 5.850%	Current Discount Rate 6.850%	1% Increase 7.850%
Net pension liability	$ 496,119	$ 302,457	$ 139,046

Municipal Police Employees' Retirement System of Louisiana

Plan Description

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

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

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

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

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

Hazardous Duty

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

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

Non-hazardous Duty

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

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

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

Contributions

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. MPERS employee members hired prior to January 1, 2013, contributed 10.0% of earned compensation of the year ended December 31, 2025. For the same members, employer contributions were 32.25%. All employees hired on or after January 1, 2013, become members of either the Hazardous Duty Sub-plan, or the Non-hazardous Duty Sub-plan. Employee and employer contribution rates for the Hazardous Duty Sub-plan are the same as for those hired prior to January 1, 2013. For employees belonging to the Non-hazardous Duty Sub-plan, the contribution rate was 8.0%, and the employer rate was 32.25%. Earned compensation in the MPERS system excludes certain overtime, but includes state supplemental pay. The Town's contribution to MPERS for the year ended December 31, 2025, was $34,767.

Non-employer contributions are recognized as revenue during the year ended December 31, 2025, and were excluded from pension expense. Non-employer contributions received by the System for the Town during the plan year ended June 30, 2025, were $10,475.

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

Net pension liability at December 31, 2025, is comprised of the Town's proportionate share of the net pension liability relating to MPERS. The total pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The Town's proportion of the net pension liability for MPERS was based on the Town's required contributions in proportion to the total required contributions for all participating employers, actuarially determined. As of the most recent measurement date, the Town's proportion for MPERS and the change in proportion from the prior measurement date are as follows:

Proportion (amount) of net pension liability	$	243,903
Proportion (%) of net pension liability		0.035317%
Increase / decrease from prior measurement date		-0.01886%

	Proportionate Share	
Total Pension Liability	$	1,350,556
Plan Fiduciary Net Position		1,106,653
Total Collective Net Pension Liability	$	243,903

For the year ended December 31, 2025, the Town recognized pension (benefit) expense of $(105,686). At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in investment earnings	$ -	$ (19,212)
Change of assumptions	-	(11,202)
Change in proportion and difference in contributions	1,810	(151,848)
Change in experience	11,826	(6,453)
Employer contributions	16,663	-
Total	$ 30,299	$ (188,715)

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

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

Town contributions subsequent to the measurement date of $16,663 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount	
2026	$	(42,335)
2027	$	(67,718)
2028	$	(56,977)
2029	$	(8,049)

Actuarial Methods and Assumptions

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

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2025 - 4 years 2024 - 4 years 2023 - 4 years 2022 - 4 years
Investment Rate of Return	6.750%, net of investment expense
Inflation Rate	2.5%
Salary Increases	Vary from 12.30% in the first two years of service to 4.70% after 2 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using MP 2019 scale was used for employees, annuitant and beneficiaries, and disabled annuitants.

Note 9: RETIREMENT PLANS (Continued)

Municipal Police Employees' Retirement System of Louisiana (continued)

Actuarial Methods and Assumptions (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the MPERS' target allocation as of June 30, 2024, are summarized in the following table:

		Rates of Return
Asset Class	**Target Allocation**	**Long Term Expected Portfolio Real Rate of Return**
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternatives	14.00%	1.04%
System Total	100.00%	5.45%
Inflation		2.67%
Expected nominal return		8.12%

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability the Town calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2025.

	1% Decrease 5.750%	Current Discount Rate 6.750%	1% Increase 7.750%
Net pension liability	$ 400,083	$ 243,903	$ 113,107

Note 10: ON-BEHALF PAYMENTS

Certain employees in the Town's police department receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues and related expenditures under this arrangement totaled $21,600 and are included in the Police Fund.

Note 11: COMMITMENTS AND CONTINGENCIES

At December 31, 2025, the Town is involved in several lawsuits which are being handled by the Town Attorney and attorneys retained by the Town's insurance company. The suits are in various stages in the court systems. Legal counsel did not estimate potential liability.

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

Note 12: RISK MANAGEMENT

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

Note 13: FUND BALANCE

The Street Fund, Industrial Development Fund, Police Fund, Recreation Fund and Tourism Fund had deficit balances of $150,229; $13,158; $322,222; $10,353; and $55,589, respectively, as of December 31, 2025. These fund deficits will be satisfied with future revenues of the fund and/or through transfers from the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Homer
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ 1,012,100	$ 966,880	$ 979,448	$ 12,568
Licenses and permits	103,000	76,500	81,569	5,069
Intergovernmental revenues	170,529	208,760	180,555	(28,205)
Charges for services	100	1,000	20,012	19,012
Lease income	6,000	5,800	5,350	(450)
Interest earned	65,000	42,000	2,798	(39,202)
Other revenues	8,500	19,770	60,582	40,812
Total revenues	1,365,229	1,320,710	1,330,314	9,604
Expenditures:				
Current:				
General government				
Legislative	36,000	36,000	36,000	-
Finance and administrative	571,263	630,990	514,738	116,252
Other general government	445,663	276,220	307,059	(30,839)
Health and welfare	-	-	8,800	(8,800)
Economic development	-	-	2,950	(2,950)
Total expenditures	1,052,926	943,210	869,547	73,663
Excess (deficiency) of revenues over expenditures	312,303	377,500	460,767	83,267
Other sources (uses):				
Operating transfers in	-	-	502	502
Operating transfers out	(312,000)	(286,501)	(9,583)	276,918
Total other sources (uses)	(312,000)	(286,501)	(9,081)	277,420
Net change in fund balance	303	90,999	451,686	360,687
Fund balance at beginning of year	475,572	475,572	475,572	-
Fund balance at end of year	$ 475,875	$ 566,571	$ 927,258	$ 360,687

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

Town of Homer
Budgetary Comparison Schedule – Police Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenues	$ 412,890	$ 397,655	$ 410,392	$ 12,737
Charges for services	36,000	17,300	1,445	(15,855)
Fines	-	-	17,241	17,241
Interest earned	210	250	240	(10)
Other revenues	30,000	20,242	9,052	(11,190)
Total revenues	479,100	435,447	438,370	2,923
Expenditures:				
Current				
Public Safety:				
Police Department	435,056	413,181	393,638	19,543
Debt service				
Principal	-	-	16,000	(16,000)
Interest	-	-	1,304	(1,304)
Total expenditures	435,056	413,181	410,942	2,239
Excess (deficiency) of revenues over expenditures	44,044	22,266	27,428	5,162
Other sources (uses):				
Operating transfers in	30,000	23,769	14,762	(9,007)
Operating transfers out	-	(45,440)	-	45,440
Total other sources (uses)	30,000	(21,671)	14,762	36,433
Net change in fund balance	74,044	595	42,190	41,595
Fund balance at beginning of year	(364,412)	(364,412)	(364,412)	-
Fund balance at end of year	$ (290,368)	$ (363,817)	$ (322,222)	$ 41,595

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

Town of Homer
Budgetary Comparison Schedule – Street Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes				
Intergovernmental revenues	$ 266,005	$ 298,500	$ 286,882	$ (11,618)
Interest earned	100	100	114	14
Charges for services	10,000	9,930	30	(9,900)
Other revenues	100	-	-	-
Total revenues	276,205	308,530	287,026	(21,504)
Expenditures:				
Current:				
Highways and streets	311,205	312,555	307,475	5,080
Capital outlay	5,000	-	-	-
Total expenditures	316,205	312,555	307,475	5,080
Excess (deficiency) of revenues over expenditures	(40,000)	(4,025)	(20,449)	(26,584)
Other sources (uses):				
Operating transfers in	90,000	92,690	60,800	(31,890)
Operating transfers out	(50,000)	(79,500)	-	79,500
Proceeds from sale of assets	-	-	2,691	2,691
Total other sources (uses)	40,000	13,190	63,491	47,610
Net change in fund balance	-	9,165	43,042	21,026
Fund balance at beginning of year	(193,271)	(193,271)	(193,271)	-
Fund balance at end of year	$ (193,271)	$ (184,106)	$ (150,229)	$ 21,026

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

Town of Homer
Budgetary Comparison Schedule – Industrial Development Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Intergovernmental revenues	$ -	$ -	$ 32,756	$ 32,756
Lease income	5,825	42,456	7,750	(34,706)
Interest earned	20	350	349	(1)
Total revenues	5,845	42,806	40,855	(1,951)
Expenditures:				
Current:				
Economic development	8,530	48,584	9,618	38,966
Total expenditures	8,530	48,584	9,618	38,966
Excess (deficiency) of revenues over expenditures	(2,685)	(5,778)	31,237	37,015
Other sources (uses):				
Operating transfers in	22,685	8,000	9,900	1,900
Operating transfers out	(19,969)	-	-	-
Total other sources (uses)	2,716	8,000	9,900	1,900
Net change in fund balance	31	2,222	41,137	38,915
Fund balance at beginning of year	(54,295)	(54,295)	(54,295)	-
Fund balance at end of year	(54,264)	(52,073)	(13,158)	38,915

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

Town of Homer
Budgetary Comparison Schedule – Fire Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	$ 82,559	$ 53,600	$ 59,628	$ 6,028
Intergovernmental revenues	25,000	25,000	25,000	-
Interest earned	2,000	1,420	1,388	(32)
Other revenues	50	6,700	30	(6,670)
Total revenues	109,609	86,720	86,046	(674)
Expenditures:				
Public safety	109,609	133,146	127,874	5,272
Capital outlay	-	12,102	15,415	(3,313)
Total expenditures	109,609	145,248	143,289	1,959
Excess (deficiency) of revenues over expenditures	-	(58,528)	(57,243)	1,285
Other sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	-	-	-	-
Net change in fund balance	-	(58,528)	(57,243)	1,285
Fund balance at beginning of year	125,335	125,335	125,335	-
Fund balance at end of year	$ 125,335	$ 66,807	$ 68,092	$ 1,285

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

Note 1: BUDGETARY INFORMATION

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

a) The Town Treasurer and Mayor prepares a proposed budget for the next succeeding fiscal year and submits it to the council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.

b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.

c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.

d) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.

e) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

Town of Homer
Schedule of Employer's Proportionate Share of the Net Pension Liability
December 31, 2025

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana					
2025	0.131949%	$ 302,457	$ 409,835	73.80%	83.47%
2024	0.193698%	$ 545,066	$ 479,837	113.59%	79.05%
2023	0.233786%	$ 854,456	$ 559,053	152.84%	72.46%
2022	0.246222%	$ 1,022,618	$ 588,887	173.65%	64.26%
2021	0.214197%	$ 595,789	$ 742,130	80.28%	64.26%
2020	0.189716%	$ 820,220	$ 599,899	136.73%	64.52%
2019	0.132815%	$ 554,989	$ 538,443	103.07%	64.68%
2018	0.096060%	$ 397,754	$ 491,922	80.86%	63.94%
2017	0.094659%	$ 395,999	$ 492,063	80.48%	62.49%
2016	0.109265%	$ 447,846	$ 507,542	88.24%	62.11%
Municipal Police Employees' Retirement System					
2025	0.035317%	$ 243,903	$ 87,968	277.26%	81.94%
2024	0.054174%	$ 490,814	$ 239,415	205.01%	75.84%
2023	0.057191%	$ 604,221	$ 271,700	222.39%	71.30%
2022	0.063081%	$ 644,799	$ 254,803	253.06%	70.80%
2021	0.079696%	$ 424,824	$ 433,986	97.89%	84.09%
2020	0.074718%	$ 690,568	$ 470,815	146.68%	70.95%
2019	0.091785%	$ 833,562	$ 485,851	171.57%	71.01%
2018	0.085106%	$ 719,491	$ 408,662	176.06%	71.89%
2017	0.108586%	$ 948,002	$ 397,754	238.34%	70.08%
2016	0.075859%	$ 711,013	$ 372,838	190.70%	66.04%

* The amounts presented have a measurement date of June 30

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

Town of Homer
Schedule of Employer Contributions to the Plans
For the Year Ended December 31, 2025

Year *	Contractually Required Contributions	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System of Louisiana					
2025	$ 76,788	$ 76,788	$ -	$ 409,835	18.74%
2024	$ 116,403	$ 116,403	$ -	$ 479,837	24.26%
2023	$ 138,615	$ 138,615	$ -	$ 559,053	24.79%
2022	$ 139,209	$ 139,209	$ -	$ 588,887	23.64%
2021	$ 126,656	$ 126,656	$ -	$ 742,130	17.07%
2020	$ 101,665	$ 101,665	$ -	$ 599,899	16.95%
2019	$ 65,008	$ 65,008	$ -	$ 538,443	12.07%
2018	$ 43,598	$ 43,598	$ -	$ 491,922	8.86%
2017	$ 39,265	$ 39,265	$ -	$ 492,063	7.98%
2016	$ 39,048	$ 39,048	$ -	$ 507,542	7.69%
Municipal Police Employees' Retirement System					
2025	$ 47,133	$ 47,133	$ -	$ 87,968	53.58%
2024	$ 64,787	$ 64,787	$ -	$ 239,415	27.06%
2023	$ 60,544	$ 60,544	$ -	$ 271,700	22.28%
2022	$ 57,935	$ 57,935	$ -	$ 254,803	22.74%
2021	$ 82,068	$ 82,068	$ -	$ 433,986	18.91%
2020	$ 79,091	$ 79,091	$ -	$ 470,815	16.80%
2019	$ 92,536	$ 92,536	$ -	$ 485,851	19.05%
2018	$ 77,307	$ 77,307	$ -	$ 408,662	18.92%
2017	$ 102,991	$ 102,991	$ -	$ 397,754	25.89%
2016	$ 62,751	$ 62,751	$ -	$ 372,838	16.83%

* The amounts presented have a measurement date of June 30

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

OTHER SUPPLEMENTARY INFORMATION

Town of Homer
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2025

	Recreation	Contingency	Tourism	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 13,818	$ -	$ 18,299	$ 32,117
Receivables, net	15,946	-	-	15,946
Total assets	$ 29,764	$ -	$ 18,299	$ 48,063
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 11,331	$ -	$ 662	$ 11,993
Due to other funds	28,786	-	73,226	102,012
Total liabilities	40,117	-	73,888	114,005
Fund balance:				
Restricted fund balances	(10,353)	-	(55,589)	(65,942)
Total fund balance:	(10,353)	-	(55,589)	(65,942)
Total liabilities and fund balance:	$ 29,764	$ -	$ 18,299	$ 48,063

Town of Homer
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Recreation	Contingency	Tourism	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Sales and use	$ 124,863	$ -	$ -	$ 124,863
Other taxes, penalties and interest	-	-	18,782	18,782
Interest earned	134	25	66	225
Other revenues	150	-	-	150
Total revenues	125,147	25	18,848	144,020
EXPENDITURES				
Current:				
Culture and recreation	72,904	-	-	72,904
Economic development	-	-	50,631	50,631
Debt service:				
Principal	12,000	-	-	12,000
Interest expense	1,027	-	-	1,027
Total expenditures	85,931	-	50,631	136,562
Excess (deficiency) of revenues over (under) expenditures	39,216	25	(31,783)	7,458
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	-	-	-	-
Operating Transfers out	-	(15,762)	-	(15,762)
Total other financing sources and uses	-	(15,762)	-	(15,762)
Net change in fund balances	39,216	(15,737)	(31,783)	(8,304)
Fund balances at beginning of year	(49,569)	15,737	(23,806)	(57,638)
Fund balances at end of year	$ (10,353)	$ -	$ (55,589)	$ (65,942)

Town of Homer
Schedule of Compensation to Board of Selectmen
For the Year Ended December 31, 2025

Verletha Adams	$	7,200
Jimmy E. Hand		7,200
Joyce M. Ivory		7,200
Sammy Kirk		7,200
Alonzo Mitchell		7,200
Total	$	36,000

Town of Homer
Schedule of Compensation, Benefits, Reimbursements and Other Payments to or on behalf of Agency Head
For the year ended December 31, 2025

Xanthe Seals, Mayor	
Salary	$ 48,000
Retirement	13,220
Payroll Taxes	696
Reimbursements	127
Total	$ 62,043

Town of Homer
Justice System Funding Schedule – Collecting/Disbursing Schedule
For the year ended December 31, 2025

	Amount for 01/01/2025 - 06/30/2025	Amount for 07/01/2025 - 12/31/2025
1. Beginning Cash Balance	-	-
2. Collections		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	30	1,104
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collected	30	1,104
3. Deductions: Collections Retained by the Town of Homer		
I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
II. Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
III. Other Amounts "Self-Disbursed" [Enter amounts on appropriate collection type lines]		
a. Civil Fees	-	-
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	-	-
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees [excluding amounts reported in bullets I and II above]	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	-	-
Total Collections Retained by the Town of Homer	-	-
4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits		
a. Collection/Processing Fees Paid to Third Party Entities	-	-
b. Civil Fee Refunds	-	-
c. Bond Refunds	-	-
d. Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
e. Other Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits	-	-
5. Deductions: Total Disbursements to Other Governments & Nonprofits	30	1,104
6. Total Amounts Disbursed/Retained	30	1,104
7. Ending Cash Balance	-	-
8. Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
9. Other Information:		
I. Ending Balance of Amounts Assessed but Not Yet Collected [i.e. total ending receivable balances]	-	-
II. Total Waivers During the Fiscal Period [i.e. non-cash reduction of receivable balances, such as time served or community service]	-	-

REPORTS ON INTERNAL CONTROL AND COMPLIANCE LETTERS

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
XXX Street
City, State Zip Code

(XXX) XXX-XXXX
(XXX) XXX-XXXX (fax)
www.cricpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Homer, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Homer, Louisiana's basic financial statements and have issued our report thereon dated October 16, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Homer, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-003, 2025-004, 2025-005, 2025-006, and 2025-007.

Town of Homer, Louisiana's Response to Findings

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

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, L.L.C.
Shreveport, Louisiana
October 16, 2026

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Not Applicable

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

2025-001 Timely Filing of Audit Report

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

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

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

Effect: Noncompliance with Louisiana Revised Statute 24:513.

Cause: Information related to the audit was not provided timely in order to submit the financial statements to the Louisiana Legislative Auditor by the statutory deadline.

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

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

2025-002 Material Correcting Entries

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

Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting and for preparing financial statements in accordance with generally accepted accounting principles. Effective year-end closing procedures should include appropriate review and reconciliation of significant accounts and consideration of necessary year-end adjustments to ensure financial information is accurately and completely reported.

Condition: During our audit of the Town's financial statements for the year ended December 31, 2025, the unadjusted financial statements were not properly reported in accordance with generally accepted accounting principles.

Effect: As a result, numerous adjusting entries were required during the audit to finalize the Town's financial records and financial statements. While the adjustments primarily represented routine year-end true-up entries, the volume of adjustments required additional time and effort to finalize the financial statements.

Cause: The volume of adjustments resulted primarily from the Town's year-end closing and financial reporting procedures not incorporating all necessary true-up and adjusting entries prior to the commencement of the audit due to the necessary timing constraints.

Recommendation: We recommend that the Town enhance its year-end closing procedures to provide for a more comprehensive review of account balances and supporting schedules prior to the commencement of the annual audit. This process should include consideration of routine year-end true-up entries and other adjustments identified during prior-year audits, as applicable. Implementing these procedures may reduce the volume of adjustments required during the annual audit and facilitate a more efficient financial reporting process.

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

2025-003 Tax and Fee Remittances

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

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

Condition: During the previous audits, it was found that the required Louisiana and Federal withholding tax payments for the year were not paid timely. Remittances stopped in August 2023 with remittances not being made until 2024. As of December 31, 2025, $122,800 in federal withholding and employment taxes were not remitted from prior periods. All current withholdings have been properly remitted and the Town of Homer has subsequently negotiated a payment plan with the IRS.

During previous years, it was found that amounts due to the State of Louisiana for safe water drinking fees that are charged to customers have not been remitted. The Town has started remitting payments to the State of Louisiana with approximately $21,000 outstanding as of December 31, 2025.

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

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

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

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

2025-004 Underfunded Meter Deposits

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

Criteria or Specific Requirement: Customer deposits represent amounts received from customers that remain liabilities of the Town until the deposits are refunded to the customers or otherwise applied in accordance with the Town's policies and applicable requirements.

Condition: The Town's utility customer deposit liability totaled $140,245 at December 31, 2025, while the balance in the bank account restricted for customer deposits was approximately $49,000. Therefore, the Town had approximately $91,000 less in restricted funds than the amount of its outstanding customer deposit liability.

Effect: The deficiency increases the risk that the Town may not have sufficient funds available to refund customer deposits when customers terminated utility service or otherwise become entitled to a refund.

Cause: The Town has not maintained sufficient cash in its restricted customer deposit account to correspond to the outstanding customer deposit liability due to cash flow issues experienced in previous periods.

Recommendation: The Town should reconcile its deposit account to the customer liability report monthly and transfer necessary funds to the restricted deposit account to cover the liability.

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

2025-005 Misappropriation of Assets / Fuel Theft

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

Criteria or Specific Requirement: The Town is responsible for establishing and maintaining effective internal controls over public resources to safeguard assets and ensure that Town resources are used only for authorized governmental purposes. Sound internal control practices should provide reasonable assurance that assets are safeguarded against loss, unauthorized use, or misappropriation and that transactions are properly authorized and monitored.

Condition: The Town identified and investigated unusual fuel purchases totaling approximately $7,000. The purchases were determined to be unauthorized and constituted theft/misappropriation of Town fuel. The Town's investigation identified an 8-month period from July 2024 to February 2025 where two former employees in the police department incurred over $7,000 in fuel purchases for personal vehicles using the fuel cards. The transactions were not identified through the Town's normal fuel monitoring and reconciliation procedures but were subsequently identified through management's review of fuel records.

The Town referred the matter to the Claiborne Parish Sheriff's Office. The former employees have made restitution payments to the Town.

Effect: The Town experienced an approximate $7,000 misappropriation, which was subject to restitution. In addition, control deficiencies increase the risk that additional unauthorized fuel purchases or other misuse of Town resources could occur and not be detected timely.

Cause: The theft occurred because the Town's controls over fuel usage were not adequately designed or implemented to provide for timely detection of unauthorized fuel purchases. In particular, there was insufficient independence review and reconciliation of fuel purchases and fuel usage records.

Recommendation: The Town should strengthen its internal controls over fuel purchases and usage.

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

2025-006 Sewer Permit

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

Criteria or Specific Requirement: Louisiana Administrative Code 33.2311.A.1 requires a Louisiana Pollutant Discharge Elimination System permit for the discharge of pollutants from a point source into waters of the State of Louisiana. Additionally, the Louisiana Department of Environmental Quality requires permittees to maintain appropriate permit coverage for their facilities and comply with the requirements of effective permits.

Condition: It was identified that the Town did not submit their Louisiana Pollutant Discharge Elimination System permit that was due on May 4, 2025. Miscommunications occurred whether the permit was submitted or not and ultimately determined the submission did not occur until January 2026. In August 2026, the Louisiana Department of Environmental Quality responded that the application did not meet testing requirements and a discharge was not reported in the application.

Effect: The Town may be operating its wastewater treatment / discharge system without an effective permit and may not be in compliance with Louisiana Administrative Code 33.2311.A.1. Additionally, the Town could be subject to potential enforcement action, penalties, or other requirements imposed by the Louisiana Department of Environmental Quality.

Cause: The Town did not properly monitor the expiration date and renewal requirements of its permit application or ensure that a valid permit was obtained prior to the expiration of the existing permit.

Recommendation: The Town should work with the Louisiana Department of Environmental Quality and maintain the appropriate permit for its wastewater / discharge systems. The Town should also establish procedures to monitor permit expiration dates and renewal requirements.

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

Exhibit B.

2025-007 Improper Contract

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

Criteria or Specific Requirement: Louisiana law requires certain debt and financial obligations of political subdivisions to receive approval from State Bond Commission in advance of issuing debt.

Condition: Subsequent to year end, the Town was notified from the Louisiana Attorney General's office that payments to their vendor for Infrastructure as a Service contract should cease immediately until further notice. The Town entered into a Cooperative Endeavor Agreement (CEA) with the vendor in 2022; however, payments didn't start until 2024. The Louisiana Attorney General's opinion is that the CEA contract violates Louisiana law because the contract did not receive State Bond Commission approval, the work performed did not comply with the public bid laws of the state, and the contract creates long-term debt obligations that not only reach far into the future, but exceed reasonable fair market value for the equipment and/or services.

Effect: The Town may have entered into a long-term financing agreement in 2022 without obtaining the required State Bond Commission approval.

Cause: The Town's CEA with the vendor did not meet the criteria as a service vendor and required additional State Bond Commission approval.

Recommendation: The Town should obtain a formal legal opinion from counsel regarding any future agreements with vendors.

Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

Dr. Xanthe Y. Seals, Mayor

October 2, 2026

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

Re: Corrective Action Plan for the year ended December 31, 2025

Findings and Responses:

2025-001 Timely Filing of Audit Report

The Mayor and Board of Selectmen will take the necessary steps to implement a process to ensure that all future audits are submitted to the LA Legislative Auditor in a timely manner.

2025-002 Adjustments

The Mayor and Board of Selectmen will develop formal policies for year-end closing procedures to ensure that all transactions and balances are properly recorded prior to the commencement of the annual audit.

2025-003 Tax and Fee Remittances

The Mayor and Board of Selectmen will develop policies to implement a tracking system to monitor filing and payment due dates for withholding taxes and tax returns. It will be the responsibility of the Mayor and Treasurer to ensure that all tax returns are filed with the proper agencies in a timely manner.

2025-004 Underfunded Meter Deposits

The Mayor and Board of Selectmen will develop procedures to ensure the reconciliation of the customer meter deposit account to the customer liability report monthly. The Mayor and Treasurer will be responsible for completion of the customer meter reconciliation.

2025-005 Misappropriation of Assets/Fuel Theft

The Mayor and Board of Selectmen will implement a fuel policy to effectively monitor fuel card usage. The Town will strengthen its internal controls over fuel purchases and usage. The Mayor and Treasurer will be responsible for monitoring monthly fuel reports.

2025-006 Sewer Permit

The Mayor and Board of Selectmen will establish procedures to monitor permit expiration dates and renewal requirements to maintain the appropriate permits with Louisiana Department of Environmental Quality.

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

"This Institution is an Equal Opportunity Employer and Provider"

Shenovia Harris, Interim Town Clerk

Pamela Breedlove, Town Attorney

Dr. Xanthe Y. Seals, Mayor

2025-007 Improper Contract

The Mayor and Board of Selectmen will obtain a formal legal opinion from the Town Attorney and/or the Louisiana Attorney General Office regarding any future agreements with vendors to ensure compliance.

Respectfully,

Dr. Xanthe Y. Seals, Mayor
Town of Homer

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

"This Institution is an Equal Opportunity Employer and Provider"

Exhibit B – Fiscal Administrator's Responses to Schedule of Findings

Shenovia Harris
Interim Town Clerk

Dr. Xanthe Y. Seals, Mayor

September 29, 2026

Carr, Riggs, & Ingram
Certified Public Accountants

Response to Audit Report Findings

Herein are the fiscal administrator's responses to the 2025 fiscal year audit findings. On July 31, 2024. The 2nd Judicial District Court appointed me as the fiscal administrator for the Town of Homer in accordance with Louisiana Revised Statute 39:1351 – 1356. The draft report was submitted to Mayor Xanthe Seals and I on September 25, 2026. Mayor Seals is also preparing her response and corrective action plan for the findings.

It has been a significant challenge to correct all the problems that were present when I came in as Fiscal Administrator. There are still some challenges to overcome; however, I plan to request termination of my role in early 2027, after a new administration takes office. I appreciate the efforts of Carr, Riggs, & Ingram to complete the multiple audits that had not been filed and to provide the town with meaningful audit findings and recommendations.

Findings:
2025-001 Timely Filing of Audit Report
The town has been delinquent each year with audits since the 2018 audit. We anticipated that the 2024 audit would be completed by December 31, 2025, however, the audit report was not complete till February 2026. We also had hoped to have the 2025 audit completed by June 30, 2026; however, we were unable to meet that goal. We are working toward having an auditor engaged for the 2026 audit and plan to have everything submitted for the audit in a timely manner to have it completed prior to June 30, 2027. Because of their thoroughness and good working relationship with the town, I hope to be able to engage Carr, Riggs, & Ingram for our 2026 audit.

The Mayor and Board of Selectmen must ensure that auditors are engaged in a timely manner and that all information is provided when needed to complete the audits within six months of the fiscal year end as required by law. I am also recommending that the Board of Selectmen follow and make inquiries about this process to make sure that the Mayor and Treasurer are performing these duties as required.

2025-002 Adjustments
Since my role as fiscal administrator began, we have been and will continue to establish an internal control framework that will be documented for the town to follow in future years. Bank reconciliations have been brought up to date, and with the help of an external accountant, will continue to be reconciled each month. The external accountant is also reviewing financial information each month to ensure the proper recordation of transactions and produce financial statements with a budgetary comparison that are presented to the Mayor and Board of Selectmen each month. A finance committee has been active in reviewing bank reconciliations, payables, bond transactions, collections, and sales tax information. We have and will continue to develop formal policies and procedures to ensure that all transactions and balances are properly recorded and reconciled in a timely manner. The mayor must be involved in future years by reviewing bank reconciliations and discussing financial statements and budget with the external accountant.

We have worked to get reliable financial information and to prepare accurate financial reports. From the time I started as fiscal administrator in August 2024, we have completed audits for the 2022, 2023, 2024, and now 2025 fiscal years. The 2025 audit was started not long after the completion of the 2024 audit.

The mayor will be responsible for continuing the implementation of procedures developed. I am recommending that the Board of Selectmen maintain involvement by reviewing financial reports each month and asking questions particularly as these questions pertain to budget to actual comparisons.

2024-003 Tax and Fee Remittances

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

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

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

2024-004 Unfunded Meter Deposits

The audit report provides that the customer deposit liability totaled $140,245 at December 31, 2025. The utility billing system (UBS) showed that this amount should be available in the customer meter deposit bank account; however, it should be noted that the meter deposit account balances have not been reconciled to the active customer accounts for many years. This is a task we have not undertaken as other priorities have driven our work efforts. As of December 31, 2025, there was only $48,988.28 available in the bank account. Bank records show that $48,665.21 was used in December 2021 as a transfer to the payroll bank account and $33,204.37 was used in June 2022 as a transfer to the payroll bank account. There were no previous attempts to refund the amounts that were used to cover payroll expenses. In March 2026, we returned the $81,869 that was used for payroll to the meter deposit account from the enterprise fund.

The meter deposit account must still be reconciled to the UBS customer accounts. This is an outstanding item that will be addressed in 2027. The town treasurer and mayor must perform these actions and submit a reconciliation report to the Board of Selectmen. Annually each year, the meter deposit account should be reconciled to the UBS customer accounts and a report provided to the Board of Selectmen.

2024-005 Misappropriation of Assets/Fuel Theft

As indicated in the audit finding, we town identified and investigated unusual fuel purchases totaling more than $7,000. We then contacted the Claiborne Parish Sheriff to further investigate our findings which resulted in warrants being issued for the two former police officers on theft charges. Both individuals were arrested and both have made restitution to the town for the fuel that they took.

After discovering the theft of fuel, we immediately changed the cards and cancelled all the old cards that were assigned to the Homer Police Department. It is obvious that there were no controls in place to oversee the possession of and use of the fuel cards.

In future years, the mayor and town treasurer will be responsible for monitoring the fuel purchases each month and reporting any issues to proper authorities, if necessary, and to the Board of Selectmen.

2024-006 Sewer Permit

The Town of Homer did not submit the Louisiana Pollutant Discharge permit (5-year permit) that was due on May 4, 2025, even though a notification was sent to Mayor Seals on November 14, 2024. The sewer system operator informed me that the permit renewal was submitted prior to October 31, 2025 (6 months late); however, we later determined that the permit had not been submitted and was finally submitted in January 2026. The town also received a Compliance Order dated August 6, 2026, from the Louisiana Department of Environmental Quality that included non-compliance with the permit requirement and other sewer system deficiencies.

The town's sewer system operator, Mr. Karl Johnson, informed me that the permit renewal was submitted earlier in 2025; however, Mr. Johnson later informed me that there was a miscommunication, and the permit renewal documents were not sent to me until December 5, 2025, and immediately submitted via mail to the Louisiana Department of Environmental Quality. After the submission of the permit application, DEQ requested additional test results and information regarding the measurement of sewer discharge to a ground storage tank that is used to supply treated water to the Homer golf course to water the course. Mr. Johnson submitted the requested information to Mr. Ethan Guardado of DEQ on September 1 and September 15, 2026.

By letter dated September 24, 2026, we provided our required response to the Compliance Order to the Department of Environmental Quality and are awaiting their response and the scheduling of a meeting with DEQ personnel. This is a critical issue for the Town of Homer.

2024-007 Improper Contract

The Louisiana Attorney General notified the town by letter dated August 4, 2026, that the Town of Homer may not legally make payments to Sustainability Partners, LLC, pursuant to the existing contract and should cease any further payments immediately as the use of public funds under these circumstances is unconstitutional. On August 10, 2026, we notified our bank to cancel the automatic monthly draft for payment to Sustainability Partners, LLC. We also sent a copy of the letter to Sustainability Partners.

In 2022, the Town of Homer entered into a cooperative endeavor agreement with Sustainability Partners, LLC. The cooperative endeavor agreement provided that the town engaged Sustainability Partners as an independent contractor to provide water meters and related services for the town. The letter from the Attorney General states that it is the opinion of the Attorney General that the contract violates Louisiana law because the contract did not receive State Bond Commission approval, the work performed likely did not comply with the public bid laws of the state, and the

contract creates long-term debt obligations that not only reach far into the future but exceed any reasonable market value for the equipment and/or services.

Homer is not the only municipality in Louisiana to receive a similar letter from the Attorney General. In accordance with a request in the letter to schedule a meeting to discuss ancillary matters, I requested a meeting and this meeting has been scheduled for November 2, 2026. We have not received any response from Sustainability Partners and I am hopeful that there will soon be a resolution of these issues.

All future proposed agreements should be submitted to the town attorney for review and obtain a formal legal opinion from the Louisiana Attorney General, if necessary.

Agreed Upon Procedures Report Findings
We acknowledge the results of your agreed upon procedures examination and the town will work on the reported items to have all corrected.

David K. Greer
Court-Appointed Fiscal Administrator

Town of Homer

STATEWIDE AGREED-UPON PROCEDURES REPORT

December 31, 2025



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

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

Mailing Address:
PO Box 4278
Shreveport, LA 71134

318.222.2222
318.226.7150 (fax)
CRIadv.com

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Town of Homer's management is responsible for those C/C areas identified in the SAUPs.

Town of Homer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

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

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

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

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

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

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

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

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

Results: No written policies exist for payroll/personnel.

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

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

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

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

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

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

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

Results: No written policies exist for ethics.

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

Results: No written policies exist for debt service.

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

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

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

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

Board or Finance Committee

2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

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

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

Results: The 2024 audit report was not issued timely for this procedure to be properly performed.

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

Results: The 2024 audit report was not issued timely for this procedure to be properly performed.

Bank Reconciliations

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

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

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

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

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

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

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

Collections (excluding electronic funds transfers)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

   a) Observed that receipts are sequentially pre-numbered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

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

    Results: Management represented that no cards were used during the year.

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

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

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

    c) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observed it is

supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Management represented that no cards were used during the year; therefore, this procedure could not be performed.

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

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

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

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

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

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

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

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

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

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

Contracts

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

Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

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

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

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

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

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

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

Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

Results: The Town represented there were no terminations in 2025; therefore, this procedure was not applicable.

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

Results: Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

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

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

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

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

Debt Service

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

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

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

    Results: Exceptions were identified during the first half of the year where reserve requirements required by debt covenants were not met. It was also identified that bond payments were late. Sinking fund payments and reserve balances were established during the second half of the year to become compliant.

Fraud Notice

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

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

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

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

Information Technology Disaster Recovery/Business Continuity

24. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":

a.) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquired of personnel responsible for backing up critical data) and observed evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Results: **We performed the procedure and discussed the results with management.**

b.) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

Results: **We performed the procedure and discussed the results with management.**

c.) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: **We performed the procedure and discussed the results with management.**

d.) Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #15. Observed evidence that the selected terminated employees have been removed or disabled from the network.

Results: **We performed the procedure and discussed the results with management.**

e.) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

1. Hired before June 9, 2020 - completed the training; and
2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: **We performed the procedure and discussed the results with management.**

Sexual Harassment

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

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

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

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

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

    a) Number and percentage of public servants in the agency who have completed the training requirements;

    b) Number of sexual harassment complaints received by the agency;

    c) Number of complaints which resulted in a finding that sexual harassment occurred;

    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

    e) Amount of time it took to resolve each complaint.

    Results: An exception was identified as a result of applying this procedure as the Town did not provide the annual sexual harassment report.

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

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

CARR, RIGGS, & INGRAM, L.L.C.
Shreveport, Louisiana
October 16, 2026