



Town of Homer, Louisiana

FINANCIAL STATEMENTS

December 31, 2020



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Independent Auditors' Report

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

Report on the Financial Statements

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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Homer's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Basis for Qualified Opinions

Management is not allocating sales tax revenues to the various funds in accordance with the authorized ordinances as they were originally passed through legislation. The amounts by which the funds are misstated cannot be determined at this time, as there is no basis for the methodology used in determining the allocations except for historical precedent.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions” paragraph, 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 of Homer, as of December 31, 2020, 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.

Other Matters

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, and the budgetary comparison schedules on pages 43 – 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Homer’s basic financial statements. The combining nonmajor fund financial statements; the schedule of compensation to the Mayor and Board of Selectmen; and the schedule of compensation benefits, reimbursements and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

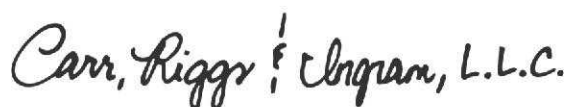
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the schedule of compensation to the Board of Selectmen, the schedule of compensation benefits, reimbursements, and other payments to agency head; and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 nonmajor fund financial statements, the schedule of compensation to the Board of Selectmen, the schedule of compensation benefits, reimbursements, and other payments to agency head, and the schedule of expenditures of federal awards 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 July 29, 2022, on our consideration of the Town of Homer’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 of Homer’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 of Homer’s internal control over financial reporting and compliance.

Carr, Riggs, & Ingram, LLC

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

**Shreveport, Louisiana
July 29, 2022**

BASIC FINANCIAL STATEMENTS

Town of Homer
Statement of Net Position
December 31, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 285,671	\$ 188,399	\$ 474,070
Cash and cash equivalents - restricted	-	537,160	537,160
Receivables, net of allowance for uncollectibles	300,723	426,682	727,405
Internal balances	20,000	-	20,000
Other assets	2,130	-	2,130
Capital assets:			
Capital assets not being depreciated	340,278	9,824,564	10,164,842
Capital assets, net of accumulated depreciation	3,311,138	3,912,000	7,223,138
Total assets	<u>4,259,940</u>	<u>14,888,805</u>	<u>19,148,745</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	380,385	130,636	511,021
Total deferred outflows of resources	<u>380,385</u>	<u>130,636</u>	<u>511,021</u>
LIABILITIES			
Accounts payable	20,880	441,628	462,508
Payroll and related liabilities	46,019	-	46,019
Accrued liabilities	1,350	-	1,350
Accrued interest payable	-	17,316	17,316
Internal balances	-	20,000	20,000
Customer deposits payable	-	117,620	117,620
Non-current liabilities:			
Due within one year	33,089	352,769	385,858
Due in more than one year	156,500	7,093,975	7,250,475
Net pension liability	1,201,360	309,428	1,510,788
Total liabilities	<u>1,459,198</u>	<u>8,352,736</u>	<u>9,811,934</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	199,376	2,270	201,646
Total deferred inflows of resources	<u>199,376</u>	<u>2,270</u>	<u>201,646</u>
NET POSITION			
Net investment in capital assets	3,461,827	6,289,820	9,751,647
Restricted	278,011	537,160	815,171
Unrestricted (deficit)	(758,087)	(162,545)	(920,632)
Total net position (deficit)	<u>\$ 2,981,751</u>	<u>\$ 6,664,435</u>	<u>\$ 9,646,186</u>

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

Town of Homer
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 542,106	\$ 173,091	\$ -	\$ -	\$ (369,015)	\$ -	\$ (369,015)
Public safety	1,013,813	51,491	76,830	-	(885,492)	-	(885,492)
Highways and streets	346,763	-	3,330	-	(343,433)	-	(343,433)
Health and welfare	21,845	-	-	-	(21,845)	-	(21,845)
Culture and recreation	162,579	-	-	-	(162,579)	-	(162,579)
Economic development	211,389	5,650	119,110	-	(86,629)	-	(86,629)
Interest expense	9,774	-	-	-	(9,774)	-	(9,774)
Total governmental activities	2,308,269	230,232	199,270	-	(1,878,767)	-	(1,878,767)
Business-type activities							
Utility operations	1,593,257	1,139,350	897,086	-	-	443,179	443,179
Total business-type activities	1,593,257	1,139,350	897,086	-	-	443,179	443,179
Total primary government	\$ 3,901,526	\$ 1,369,582	\$ 1,096,356	\$ -	\$ (1,878,767)	\$ 443,179	\$ (1,435,588)
General Revenues:							
Taxes:							
Property taxes					120,718	-	120,718
Sales and use taxes					1,308,212	332,028	1,640,240
Franchise taxes					87,380	-	87,380
Other taxes, penalties and interest					133,039	-	133,039
Unrestricted investment earnings					4,677	11,485	16,162
Other					128,577	30,241	158,818
Transfers					(137)	137	-
Total general revenues and transfers					1,782,466	373,891	2,156,357
Change in Net Position					(96,301)	817,070	720,769
Net position at beginning of year					3,051,403	5,769,348	8,820,751
Prior period adjustments					26,649	78,017	104,666
Net position at beginning of year, restated					3,078,052	5,847,365	8,925,417
Net position at end of year					\$ 2,981,751	\$ 6,664,435	\$ 9,646,186

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

Town of Homer
Balance Sheet – Governmental Funds
December 31, 2020

	<u>General</u>	<u>Street</u>	<u>Industrial Development</u>	<u>Police</u>	<u>Fire</u>	<u>Nonmajor</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 104,101	\$ 2,580	\$ 10,221	\$ 4,640	137,344	\$ 26,785	\$ 285,671
Receivables, net	200,119	25,330	10,539	38,759	8,019	17,957	300,723
Due from other funds	20,000	-	-	-	-	-	20,000
Other assets	2,130	-	-	-	-	-	2,130
Total assets	<u>\$ 326,350</u>	<u>\$ 27,910</u>	<u>\$ 20,760</u>	<u>\$ 43,399</u>	<u>\$ 145,363</u>	<u>\$ 44,742</u>	<u>\$ 608,524</u>
LIABILITIES							
Liabilities:							
Accounts payable	16,717	3,395	-	620	-	148	20,880
Payroll and related liabilities	46,019	-	-	-	-	-	46,019
Accrued liabilities	1,350	-	-	-	-	-	1,350
Total liabilities	<u>64,086</u>	<u>3,395</u>	<u>-</u>	<u>620</u>	<u>-</u>	<u>148</u>	<u>68,249</u>
Deferred Inflows - Property taxes	30,925	-	-	-	-	-	30,925
FUND BALANCES							
Restricted fund balances	-	24,515	20,760	42,779	145,363	44,594	278,011
Unassigned fund balances	231,339	-	-	-	-	-	231,339
Total fund balance	<u>231,339</u>	<u>24,515</u>	<u>20,760</u>	<u>42,779</u>	<u>145,363</u>	<u>44,594</u>	<u>509,350</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 326,350</u>	<u>\$ 27,910</u>	<u>\$ 20,760</u>	<u>\$ 43,399</u>	<u>\$ 145,363</u>	<u>\$ 44,742</u>	<u>\$ 608,524</u>

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

Town of Homer
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
December 31, 2020

Total Fund balances - governmental funds	\$	509,350
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 (\$6,541,248), are not financial resources, therefore, are not reported in the funds.		3,651,416
Unearned revenue from the fund financial statements recognized in the government-wide financial statements		30,925
Deferred items for pension related items are not reported in the fund financial statements:		
Deferred outflows		380,385
Deferred inflows		(199,376)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:		
Claims liability		(177,270)
Net pension liability		(1,201,360)
Capital leases		(12,319)
		(1,389,949)
Net position of governmental activities	\$	2,981,751

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, 2020

	General	Street	Industrial Development	Police	Fire	Nonmajor	Total Governmental Funds
REVENUES							
Taxes:							
Ad valorem	\$ 111,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,644
Sales and use	549,100	208,874	-	333,693	61,726	154,819	1,308,212
Franchise	81,832	-	-	-	-	-	81,832
Other taxes, penalties and interest	114,257	-	-	-	-	18,782	133,039
Licenses and permits	71,045	-	-	-	-	-	71,045
Intergovernmental:							
Federal funds	-	-	119,110	-	-	-	119,110
State funds:							
Fire insurance rebate	-	-	-	-	25,000	-	25,000
Supplemental pay	-	-	-	39,000	-	-	39,000
Other state funds	-	3,330	12,830	-	-	-	16,160
Charges for services	15,296	-	-	11,805	90	-	27,191
Fines	-	-	-	101,896	-	-	101,896
Lease income	1,900	-	3,750	-	-	-	5,650
Interest earned	1,597	98	581	157	1,931	313	4,677
Other revenues	43,394	7,678	-	65,860	12	11,528	128,472
Total revenues	<u>990,065</u>	<u>219,980</u>	<u>136,271</u>	<u>552,411</u>	<u>88,759</u>	<u>185,442</u>	<u>2,172,928</u>
EXPENDITURES							
Current:							
General government:							
Legislative	23,600	-	-	-	-	-	23,600
Finance and administrative	249,820	-	-	-	-	-	249,820
Other general government	223,330	-	-	-	-	-	223,330
Public safety:							
Department of Motor Vehicles	36,693	-	-	-	-	-	36,693
Police Department	-	-	-	834,496	-	-	834,496
Fire Department	-	-	-	-	96,713	-	96,713
Highways and streets	-	291,300	-	-	-	-	291,300
Health and welfare	14,393	5,572	-	-	-	-	19,965
Culture and recreation	17,500	-	-	-	-	89,291	106,791
Economic development	-	-	62,055	-	-	24,416	86,471
Debt service:							
Principal	-	-	-	-	-	31,687	31,687
Interest and other charges	-	-	-	-	-	9,774	9,774
Capital outlay	6,550	2,471	113,786	25,673	-	-	148,480
Total expenditures	<u>571,886</u>	<u>299,343</u>	<u>175,841</u>	<u>860,169</u>	<u>96,713</u>	<u>155,168</u>	<u>2,159,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>418,179</u>	<u>(79,363)</u>	<u>(39,570)</u>	<u>(307,758)</u>	<u>(7,954)</u>	<u>30,274</u>	<u>13,808</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	18,336	87,354	-	318,216	-	30,200	454,106
Operating transfers out	(401,475)	(6,874)	-	-	-	(45,894)	(454,243)
Total other financing sources and uses	<u>(383,139)</u>	<u>80,480</u>	<u>-</u>	<u>318,216</u>	<u>-</u>	<u>(15,694)</u>	<u>(137)</u>
Net change in fund balances	35,040	1,117	(39,570)	10,458	(7,954)	14,580	13,671
Fund balances as beginning of year	196,299	23,398	1,644	32,321	153,317	30,014	436,993
Prior period adjustments	-	-	58,686	-	-	-	58,686
Fund balances as beginning of year, restated	<u>196,299</u>	<u>23,398</u>	<u>60,330</u>	<u>32,321</u>	<u>153,317</u>	<u>30,014</u>	<u>495,679</u>
Fund balances at end of year	<u>\$ 231,339</u>	<u>\$ 24,515</u>	<u>\$ 20,760</u>	<u>\$ 42,779</u>	<u>\$ 145,363</u>	<u>\$ 44,594</u>	<u>\$ 509,350</u>

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, 2020**

Net change in fund balances - total governmental funds	\$ 13,671
<p>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.</p>	
Capital outlay	148,480
Depreciation	(273,185)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Revenues deferred in the prior year	(16,302)
Revenues deferred in the current year	30,925
<p>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.</p>	
Capital lease payments	31,687
Pension expense (benefit)	(55,878)
Contributions to pension plan from third parties	24,301
Change in net position of governmental activities	\$ (96,301)

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

Town of Homer
Statement of Net Position
Proprietary Funds
December 31, 2020

	Enterprise Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 188,399
Receivables, net	426,682
Due from other funds	-
Total current assets	615,081
Noncurrent Assets:	
Restricted:	
Cash and cash equivalents	537,160
Total restricted assets	537,160
Capital Assets, net	
Total capital assets (net of accumulated depreciation)	13,736,564
Total noncurrent assets	14,273,724
Total assets	14,888,805
DEFERRED OUTFLOWS	
Pension related	130,636
LIABILITIES	
Current Liabilities:	
Accounts payable	441,628
Accrued interest	17,316
Due to other funds	20,000
Customer deposits payable	117,620
Current portion of Long-term Liabilities	352,769
Total current liabilities	949,333
Noncurrent Liabilities:	
Noncurrent portion of Long-term Liabilities	7,093,975
Net pension liability	309,428
Total noncurrent liabilities	7,403,403
Total liabilities	8,352,736
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,270
NET POSITION	
Net investment in capital assets	6,289,820
Restricted	537,160
Unrestricted net position (deficit)	(162,545)
TOTAL NET POSITION	\$ 6,664,435

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

Town of Homer
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Fund
OPERATING REVENUES	
Charges for sales and services	
Water	\$ 709,567
Sewer charges	415,604
Garbage charges	14,179
Total operating revenues	1,139,350
OPERATING EXPENSES	
Depreciation expense	286,781
Insurance expense	49,906
Maintenance and repair	90,059
Materials and supplies	19,120
Operating costs	351,751
Professional fees	43,285
Salaries and related benefits	512,887
Utilities	81,504
Total operating expenses	1,435,293
Operating income (loss)	(295,943)
NONOPERATING REVENUES (EXPENSES)	
Sales and use tax	332,028
Intergovernmental revenues	897,086
Interest earned	11,485
Other revenues	30,241
Interest expense	(157,964)
Total nonoperating revenue (expenses)	1,112,876
Income (loss) before transfers	816,933
Transfers in	137
Change in net position	817,070
Net position at beginning of year	5,769,348
Prior period adjustment	78,017
Net position at beginning of year, restated	5,847,365
Net position at end of year	\$ 6,664,435

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, 2020

	Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,226,899
Payments to suppliers	(734,157)
Payments to employees	(295,188)
Net cash provided by operating activities	197,554
Cash flows from noncapital financing activities:	
Transfer from other funds	138
Proceeds from sales taxes	332,028
Other receipts	30,239
Net cash provided by noncapital and related financing activities	362,405
Cash flows from capital and related financing activities:	
Proceeds from capital debt	190,909
Proceeds from capital grants	613,094
Purchases of capital assets	(1,182,001)
Principal paid on capital debt	(313,000)
Interest paid on capital debt	(157,964)
Net cash used by capital and related financing activities	(848,962)
Cash flows from investing activities:	
Interest received	9,098
Net cash provided by investing activities	9,098
Net increase (decrease) in cash and cash equivalents	(279,905)
Cash and cash equivalents, beginning of year	1,005,464
Cash and cash equivalents, end of year	\$ 725,559
	Enterprise Fund
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (295,943)
Adjustments to reconcile operating loss to cash cash provided by operating activities:	
Depreciation expense	286,781
(Increase) Decrease in accounts receivable	(26,060)
(Increase) Decrease in interfund balances	31,671
Increase (decrease) in accounts payable	281,052
Increase (decrease) in payroll related liabilities	(8,671)
Increase (decrease) in customer deposits	(10,516)
Increase (decrease) in accrued liabilities	(60,760)
Total adjustments	493,497
Net cash provided by operating activities	\$ 197,554

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

The accompanying basic financial statements of the Town of Homer have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

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, 2020.

Reporting Entity

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

Government-wide and Fund Financial Statements

The financial transactions of the Town are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balance accounts that includes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained with legal and managerial requirements.

The Town uses the following fund categories and fund types:

Governmental Funds

Governmental funds account for the Town’s general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar test for major funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

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 recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 sources (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.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the Town has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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 required to be accounted for in another fund.

The Streets Special Revenue Fund accounts 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 one proprietary fund, which is an enterprise fund that accounts for the operations of the water system, sewer system, and garbage services for the Town.

The Town reports the following nonmajor governmental funds:

The Town has three nonmajor Special Revenue funds. For a description of these funds, see the Nonmajor Funds section of this report.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

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

Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

Receivables

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.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as Interfund balances on the fund financial statements balance sheet.

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund balances as receivables and/or payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-wide financial statements.

Restricted Assets

Restricted assets represent primarily cash held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Infrastructure acquired or constructed after the implementation of GASB Statement No. 34 is reported. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; capital assets of business-type activities are reported in the Enterprise Fund. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an assets' lives are not capitalized. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- 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.
- 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.

The Town maintains a threshold level of \$1,000 or more for capitalizing assets.

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)

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc.

Bond premiums and discounts, as well as issuance cost, are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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 item that qualifies for reporting as deferred outflows of resources, the deferred outflows related to pensions, reported in the government-wide 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 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 statement 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 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 GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided Through Trusts That Meet Specified Criteria. The deferred inflows related to pensions and other postemployment benefits will be recognized as a reduction to pension expense in future reporting years.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fund Balance Classifications and Net Position

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

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

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the Town's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Council approved resolutions.

Assigned fund balances are those determined by the Mayor and Treasurer, under authority given under a resolution of the Council, as needed for the payment of future commitment.

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

The Town has no committed or assigned fund balances as of December 31, 2020.

Sometimes the Town will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 practice 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Elimination and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 29, 2022. See Note 14 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 87, *Leases*, establishes improved guidance to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority equity interests - An Amendment of GASB Statements No. 14 and No. 61*, the primary objective of this statement is to improve the consistency of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The effective date is for reporting periods beginning after December 31, 2019.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements (Continued)

In May 2019, the GASB Statement No. 91, *Conduit Debt Obligations* was issued. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by the issuers and associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, GASB Statement No. 92, *Omnibus 2020* was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and government financial statements. The requirements of this statement are effective periods after June 15, 2021. Earlier application is encouraged and is permitted by topic.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing Interbank Offered Rates with other referenced rates. The reliability and relevance of reporting information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounting for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability⁸ of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an Interbank Offered Rate. The requirements of this Statement are effective for periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement user and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements (Continued)

In May 2020, GASB issues Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation cost of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements (Continued)

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Reporting*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement’s introduction of the new term is founded on a commitment to promoting inclusiveness. The requirement of this Statement is effective for fiscal years beginning after December 15, 2021.

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

NOTE 2: CASH AND CASH EQUIVALENTS

Custodian 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, 2020, the Town has cash and cash equivalents as follows:

	Town Book Balances	Bank Balances
Cash on deposit	\$ 1,010,730	\$1,065,974
Petty cash	500	-
Total cash and cash equivalents	\$ 1,011,230	\$1,065,974
Federal Depository Insurance Coverage		\$ 250,000
Pledged Securities		1,524,452
Total collateralized deposits		\$ 1,774,452

NOTE 3: RECEIVABLES

The following is a summary of receivables at December 31, 2020:

	Taxes and Licenses	Accounts Receivable	Intergovernmental	Other	Net Receivables
General	\$ 189,078	\$ -	\$ -	\$ 11,041	\$ 200,119
Street	25,330	-	-	-	25,330
Industrial Development	-	-	10,539	-	10,539
Police	38,759	-	-	-	38,759
Fire	8,019	-	-	-	8,019
Nonmajor	17,957	-	-	-	17,957
Enterprise	32,366	110,324	283,992	-	426,682
Total	311,509	110,324	294,531	11,041	727,405

NOTE 4: CAPITAL ASSETS

A schedule of changes in capital assets for the year ended December 31, 2020, follows:

	Beginning Balance (restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 135,743	\$ -	\$ -	\$ 135,743
Construction in progress	90,749	113,786	-	204,535
Total capital assets not being depreciated	<u>226,492</u>	<u>113,786</u>	<u>-</u>	<u>340,278</u>
Capital assets being depreciated:				
Infrastructure	3,330,717	-	-	3,330,717
Land improvements	4,084,458	-	-	4,084,458
Buildings	971,033	-	-	971,033
Building improvements	324,784	-	-	324,784
Furniture and equipment	563,090	3,845	-	566,935
Vehicles	543,610	30,849	-	574,459
Total capital assets being depreciated	<u>9,817,692</u>	<u>34,694</u>	<u>-</u>	<u>9,852,386</u>
Less accumulated depreciation for:				
Infrastructure	2,515,119	68,848	-	2,583,967
Land improvements	2,114,953	90,714	-	2,205,667
Buildings	732,719	16,144	-	748,863
Building improvements	117,376	12,953	-	130,329
Furniture and equipment	301,286	61,507	-	362,793
Vehicles	486,610	23,019	-	509,629
Total accumulated depreciation	<u>6,268,063</u>	<u>273,185</u>	<u>-</u>	<u>6,541,248</u>
Total capital assets being depreciated, net	<u>3,549,629</u>	<u>(238,491)</u>	<u>-</u>	<u>3,311,138</u>
Governmental activities, capital assets, net	<u>\$ 3,776,121</u>	<u>\$ (124,705)</u>	<u>\$ -</u>	<u>\$ 3,651,416</u>

Town of Homer
Notes to Financial Statements
December 31, 2020

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 13,330	\$ -	\$ -	\$ 13,330
Construction in progress	8,650,893	1,160,341	-	9,811,234
Total capital assets not being depreciated	<u>8,664,223</u>	<u>1,160,341</u>	<u>-</u>	<u>9,824,564</u>
Capital assets being depreciated:				
Infrastructure	12,429,103	-	-	12,429,103
Buildings	127,367	-	-	127,367
Furniture and equipment	124,845	-	-	124,845
Vehicles	227,341	125,491	-	352,832
Total capital assets being depreciated	<u>12,908,656</u>	<u>125,491</u>	<u>-</u>	<u>13,034,147</u>
Less accumulated depreciation for:				
Infrastructure	8,434,649	244,398	-	8,679,047
Buildings	127,367	-	-	127,367
Furniture and equipment	89,888	6,666	-	96,554
Vehicles	183,462	35,717	-	219,179
Total accumulated depreciation	<u>8,835,366</u>	<u>286,781</u>	<u>-</u>	<u>9,122,147</u>
Total capital assets being depreciated, net	<u>4,073,290</u>	<u>(161,290)</u>	<u>-</u>	<u>3,912,000</u>
Business-type activities, capital assets, net	<u>\$12,737,513</u>	<u>\$999,051</u>	<u>\$0</u>	<u>\$13,736,564</u>

Depreciation expense was charged as follows for governmental activities:

Governmental activities:	
General government	\$ 14,201
Public safety	33,334
Highways and streets	45,955
Culture and recreation	55,100
Economic development	123,940
Total depreciation expense	<u>\$ 272,530</u>

NOTE 5: INTERFUND BALANCES AND TRANSFERS

As of December 31, 2020, the Enterprise fund had an interfund balance of \$20,000 that was owed to the General fund for reimbursement of a vehicle purchase.

The composition of interfund transfers for the year ended December 31, 2020, is as follows:

	Transfers out		
	General	Streets	Contingency
Transfers in			
General	\$ 1,600	\$ 6,736	\$ 10,000
Street	79,299	-	8,055
Industrial Development	13,200	-	-
Police	307,376	-	10,840
Fire	-	-	-
Recreation	-	-	17,000
Hotel	-	-	-
Contingency	-	-	-
Enterprise	-	137	-
Total	<u>\$ 401,475</u>	<u>\$ 6,873</u>	<u>\$ 45,895</u>

Interfund transfers include unrestricted amounts transferred to subsidize other funds.

NOTE 6: LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2020, follows:

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 221,276	\$ -	\$ (31,687)	\$ 189,589	\$ 33,089
Net pension liability	1,161,713	39,647	-	1,201,360	-
Total governmental activities	<u>\$ 1,382,989</u>	<u>\$ 39,647</u>	<u>\$ (31,687)</u>	<u>\$ 1,390,949</u>	<u>\$ 33,089</u>
Business-type activities:					
Revenue Bonds - 2013 Issue	\$ 1,765,000	\$ -	\$ (100,000)	\$ 1,665,000	\$ 105,000
LDEQ Revolving Loan	1,890,419	108,284	(121,000)	1,877,703	136,000
LDHH Revolving Loan	1,918,416	82,625	(92,000)	1,909,041	99,000
Utility Revenue Notes, Series 2018 (USDA)	1,995,000	-	-	1,995,000	12,769
Net pension liability	226,837	82,591	-	309,428	-
Total business-type activities	<u>\$ 7,795,672</u>	<u>\$ 273,500</u>	<u>\$ (313,000)</u>	<u>\$ 7,756,172</u>	<u>\$ 352,769</u>

Town of Homer
Notes to Financial Statements
December 31, 2020

NOTE 6: LONG-TERM OBLIGATIONS (Continued)

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

Principle Requirements	2013 Revenue Bonds	USDA Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	Capital Leases
2021	\$ 105,000	\$ 12,769	\$ 136,000	\$ 99,000	\$ 33,089
2022	110,000	38,687	123,000	105,000	34,554
2023	110,000	39,264	124,000	110,000	36,083
2024	115,000	39,849	125,000	115,000	37,680
2025	120,000	40,442	127,000	120,000	23,547
2026-2030	655,000	211,428	651,000	675,000	24,609
2031-2035	450,000	227,650	591,703	685,041	-
2036-2040	-	245,119	-	-	-
2041-2045	-	263,926	-	-	-
2046-2050	-	284,176	-	-	-
2051-2055	-	305,981	-	-	-
2056-2060	-	285,709	-	-	-
Total	\$ 1,665,000	\$ 1,995,000	\$ 1,877,703	\$ 1,909,041	\$ 189,562

Interest Requirements	2013 Revenue Bonds	USDA Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	Capital Leases
2021	\$ 54,113	\$ 9,815	\$ 8,450	\$ 55,924	\$ 8,372
2022	50,700	29,065	7,863	53,396	6,908
2023	47,125	28,488	7,318	47,054	5,379
2024	43,550	27,903	6,760	43,661	3,782
2025	39,813	27,360	6,198	40,121	-
2026-2030	138,289	130,435	22,324	162,256	2,114
2031-2035	29,576	114,451	6,276	55,319	1,080
2036-2040	-	97,240	-	-	-
2041-2045	-	78,708	-	-	-
2046-2050	-	58,755	-	-	-
2051-2055	-	37,270	-	-	-
2056-2060	-	14,217	-	-	-
Total	\$ 403,166	\$ 653,707	\$ 65,189	\$ 457,731	\$ 27,635

Total Future Debt Requirements	2013 Revenue Bonds	USDA Revenue Bonds	LDEQ Revolving Loan	LDHH Revolving Notes	Capital Leases
2021	\$ 159,113	\$ 22,584	\$ 144,450	\$ 154,924	\$ 41,461
2022	160,700	67,752	130,863	158,396	41,462
2023	157,125	67,752	131,318	157,054	41,462
2024	158,550	67,752	131,760	158,661	41,462
2025	159,813	67,802	133,198	160,121	23,547
2026-2030	793,289	341,863	673,324	837,256	26,723
2031-2035	479,576	342,101	597,979	740,360	1,080
2036-2040	-	342,359	-	-	-
2041-2045	-	342,634	-	-	-
2046-2050	-	342,931	-	-	-
2051-2055	-	343,251	-	-	-
2056-2060	-	299,926	-	-	-
Total	\$ 2,068,166	\$ 2,648,707	\$ 1,942,892	\$ 2,366,772	\$ 217,197

Interest expense for governmental activities and business-type activities for the year ended December 31, 2020, totaled \$9,774 and \$157,964, respectively.

NOTE 7: FUND BALANCE AND NET POSITION

All fund balances include sales and use taxes, which are restricted. Restricted net position is restricted for cash held for customer meter deposits and debt service requirements.

NOTE 8: RETIREMENT SYSTEMS

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.

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.

NOTE 8: RETIREMENT SYSTEMS (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2020, the actual employer contribution rate was 27.75% 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.

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, 2020 were \$101,665.

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

Net pension liability at December 31, 2020, 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, 2020. 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	\$	820,220
Proportion (%) of net pension liability		0.189716%
 Increase / decrease from prior measurement date		 0.05690%
		 <u>Proportionate Share</u>
Total Pension Liability	\$	2,311,911
Plan Fiduciary Net Position		1,491,692
Total Collective Net Pension Liability	\$	<u>820,220</u>

For the year ended December 31, 2020, the Town recognized pension expense of \$130,355.

NOTE 8: RETIREMENT SYSTEMS (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in investment earnings	\$ 81,849	\$ -
Change of assumptions	13,798	-
Change in proportion and difference in contributions	185,887	1,369
Change in experience	380	4,649
Employer contributions	64,372	-
Total	<u>\$ 346,286</u>	<u>\$ 6,018</u>

Town contributions subsequent to the measurement date of \$64,372 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2021	\$ 148,518
2022	\$ 97,042
2023	\$ 18,338
2024	\$ 11,998

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, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

NOTE 8: RETIREMENT SYSTEMS (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, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2020 - 3 years 2019 - 4 years 2018 - 4 years 2017 - 4 years
Investment Rate of Return	6.950%, net of investment expense (was 7.125% in 2019)
Inflation Rate	2.5%
Salary Increases	Vary from 6.4% in the first four years of service to 4.5% after 4 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rates of Return</u> <u>Long Term Expected</u> <u>Portfolio Real Rate</u> <u>of Return</u>
Public equity	53.00%	2.33%
Public fixed income	38.00%	1.67%
Alternatives	9.00%	0.40%
System Total	<u>100.00%</u>	4.40%
Inflation		<u>2.60%</u>
Expected nominal return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.950%, changed from 7.125% in 2019. 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 8: RETIREMENT SYSTEMS (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, 2020.

	1% Decrease	Current	1% Increase
	5.950%	Discount Rate	7.950%
		6.950%	
Net pension liability	\$ 1,067,016	\$ 820,220	\$ 611,543

Municipal Police Employees’ Retirement System of Louisiana

Plan Description

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

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

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

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

NOTE 8: RETIREMENT SYSTEMS (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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

Hazardous Duty

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

Non-hazardous Duty

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

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

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

Contributions

Contributions for all members and employers are established by state statute and may be amended by state statute when necessary. MPERS employee members hired prior to January 1, 2013, contributed 10.0% of earned compensation of the year ended December 31, 2019. 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, 2020 was \$79,091.

Non-employer contributions are recognized as revenue during the year ended December 31, 2020, and were excluded from pension expense. Non-employer contributions received by the System for the Town during the plan year ended June 30, 2020 were \$16,286.

NOTE 8: RETIREMENT SYSTEMS (Continued)

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

Net pension liability at December 31, 2020, 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, 2020. 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	\$	690,568
Proportion (%) of net pension liability		0.074718%
 Increase / decrease from prior measurement date		 -0.01707%
		 <u>Proportionate Share</u>
Total Pension Liability	\$	2,376,760
Plan Fiduciary Net Position		1,686,192
Total Collective Net Pension Liability	<u>\$</u>	<u>690,568</u>

For the year ended December 31, 2020, the Town recognized pension expense of \$27,974. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in investment earnings	\$ 82,847	\$ -
Change of assumptions	16,409	17,042
Change in proportion and difference in contributions	27,907	151,385
Change in experience	-	27,201
Employer contributions	37,572	-
Total	<u>\$ 164,735</u>	<u>\$ 195,628</u>

City contributions subsequent to the measurement date of \$37,572 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2021	\$ (64,021)
2022	\$ (292)
2023	\$ (19,883)
2024	\$ 15,731

NOTE 8: RETIREMENT SYSTEMS (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation, and were based on the results on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. 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, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	2020 - 4 years 2019 - 4 years 2018 - 4 years 2017 - 4 years
Investment Rate of Return	6.950%, net of investment expense (was 7.125% in 2019)
Inflation Rate	2.50%
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	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 year sfor females for active members.

NOTE 8: RETIREMENT SYSTEMS (Continued)

Municipal Police Employees' Retirement System of Louisiana (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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rates of Return</u> <u>Long Term Expected</u> <u>Portfolio Real Rate</u> <u>of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
System Total	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected nominal return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%, changed from 7.125% in 2019. 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, 2020.

	1% Decrease 5.950%	Current Discount Rate 6.950%	1% Increase 7.950%
Net pension liability	\$ 970,175	\$ 690,568	\$ 456,829

NOTE 9: 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 under this arrangement totaled \$39,000. The related expenditures of \$39,000 are included in expenditures in the Police Fund.

NOTE 10: COMMITMENTS AND CONTINGENCIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

At December 31, 2020, the Town has multiple water and sewer projects in progress which are being funded by a combination of loans and grants. The combined total of contracts connected with the projects exceeds six million dollars. Estimated remaining balances on the contracts is approximately \$250,000.

At December 31, 2020, the Town is involved in several lawsuits which are being handled by the Town Attorney and attorneys retained by the Town's insurance company. The suits are in various stages in the court systems. Legal counsel did not estimate potential liability. Management expects any losses to be covered by insurance.

NOTE 11: 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.

A litigation case was brought against Town of Homer in April 2019 that was tried in March 2022. In 2022, judgment was against the Town of Homer and the Town of Homer was determined to be liable for \$177,270, which was paid by the insurance carrier.

NOTE 12: STEWARDSHIP

For the year ended December 31, 2020, for the sum of expenditures and other uses, actual amounts exceeded budget amounts in the following funds:

Fund	Final Budget	Actual	Unfavorable Variance
Police	\$ 810,475	\$ 860,169	(\$49,694)
Industrial Development	\$ 76,450	\$ 175,841	(\$99,391)
Tourism	\$ 20,850	\$ 24,416	(\$3,566)
Contingency	\$ 26,000	\$ 45,894	(\$19,894)

NOTE 13: FUND BALANCE / NET POSITION RESTATEMENT

The Industrial Development Fund had a prior period adjustment to increase beginning fund balance by \$58,686 due to a reduction of a contingent liability for an on-going construction project that was not supported.

On the government-wide financial statements, prior period adjustments totaling \$26,649 were made for governmental activities including the \$58,686 adjustment above, and a decrease of net position of \$32,037 for depreciation expense that was not recorded on capital leases in prior years. Prior period capital assets and capital leases payable were both increased by \$221,276, resulting in a net fund balance change of \$0.

On the government-wide financial statements, prior period adjustments totaling \$78,017 were made for business-type activities to include gross receivables of \$109,165 and an allowance for doubtful accounts of \$31,148.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2022, the date on which the financial statements were available to be issued. In March 2022, a litigation case arising from April 2019 was tried and judgment was against the Town of Homer and the Town of Homer was determined to be liable for \$177,270, which was paid.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Homer
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 844,300	\$ 844,300	\$ 856,833	\$ 12,533
Licenses and permits	70,100	70,100	71,045	945
Charges for services			15,296	15,296
Lease income	6,000	6,000	1,900	(4,100)
Interest earned	-	-	1,597	1,597
Other revenues	52,937	52,937	43,394	7,678
Total revenues	<u>973,337</u>	<u>973,337</u>	<u>990,065</u>	<u>33,949</u>
Expenditures:				
Current:				
General government				
Legislative	24,000	24,000	23,600	(400)
Finance and administrative	182,245	296,420	249,820	(46,600)
Other general government		237,375	223,330	(14,045)
Public safety		-	36,693	36,693
Health and welfare		12,950	14,393	1,443
Culture and recreation		7,500	17,500	-
Total expenditures	<u>206,245</u>	<u>578,245</u>	<u>565,336</u>	<u>(22,909)</u>
 Excess (deficiency) of revenues over expenditures	 <u>767,092</u>	 <u>395,092</u>	 <u>424,729</u>	 <u>56,858</u>
 Other sources (uses):				
Operating transfers in	-	-	18,336	18,336
Operating transfers out	(578,762)	(578,762)	(401,475)	177,287
Total other sources (uses)	<u>(578,762)</u>	<u>(578,762)</u>	<u>(383,139)</u>	<u>195,623</u>
 Net change in fund balance	 188,330	 (183,670)	 41,590	 252,481
Fund balance at beginning of year	196,299	196,299	196,299	23,398
Fund balance at end of year	<u>\$ 384,629</u>	<u>\$ 12,629</u>	<u>\$ 237,889</u>	<u>\$ 275,879</u>

Town of Homer
Budgetary Comparison Schedule
Police Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 358,100	\$ 358,100	\$ 372,693	\$ 14,593
Charges for services	-	-	11,805	11,805
Fines	40,450	40,450	101,896	61,446
Interest earned	120	120	157	37
Other revenues	39,080	39,080	65,860	26,780
Total revenues	<u>437,750</u>	<u>437,750</u>	<u>552,411</u>	<u>114,661</u>
Expenditures:				
Current				
Public Safety:				
Police Department	805,475	805,475	834,496	29,021
Capital outlay	5,000	5,000	25,673	20,673
Total expenditures	<u>810,475</u>	<u>810,475</u>	<u>860,169</u>	<u>49,694</u>
Excess (deficiency) of revenues over expenditures	<u>(372,725)</u>	<u>(372,725)</u>	<u>(307,758)</u>	<u>64,967</u>
Other sources (uses):				
Operating transfers in	426,762	426,762	318,216	(108,546)
Total other sources (uses)	<u>426,762</u>	<u>426,762</u>	<u>318,216</u>	<u>(108,546)</u>
Net change in fund balance	54,037	54,037	10,458	(43,579)
Fund balance at beginning of year	60,330	32,321	32,321	-
Fund balance at end of year	<u>\$ 114,367</u>	<u>\$ 86,358</u>	<u>\$ 42,779</u>	<u>\$ (43,579)</u>

Town of Homer
Schedule of Employer's Proportionate Share of the Net Pension Liability
December 31, 2020

Fiscal Year *	Employer Proportion of the Net Pension Liability (Asset)	Employer Portionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana					
2020	0.189716%	\$ 820,220	\$ 599,899	136.73%	64.52%
2019	0.132815%	\$ 554,989	\$ 538,443	103.07%	64.68%
2018	0.096060%	\$ 397,754	\$ 491,922	80.86%	63.94%
2017	0.094659%	\$ 395,999	\$ 492,063	80.48%	62.49%
2016	0.109265%	\$ 447,846	\$ 507,542	88.24%	62.11%
2015	0.115336%	\$ 411,998	\$ 533,229	77.26%	66.18%
Municipal Police Employees' Retirement System					
2020	0.074718%	\$690,568	\$ 470,815	146.68%	70.95%
2019	0.091785%	\$833,562	\$ 485,851	171.57%	71.01%
2018	0.085106%	\$719,491	\$ 408,662	176.06%	71.89%
2017	0.108586%	\$948,002	\$ 397,754	238.34%	70.08%
2016	0.075859%	\$711,013	\$ 372,838	190.70%	66.04%
2015	0.065685%	\$514,573	\$ 343,753	149.69%	66.04%

* The amounts presented have a measurement date of June 30

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

Town of Homer
Schedule of Employer Contributions to the Plans
For the Year Ended December 31, 2020

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					
2020	\$ 101,665	\$ 101,665	\$ -	\$ 599,899	16.95%
2019	\$ 65,008	\$ 65,008	\$ -	\$ 538,443	12.07%
2018	\$ 43,598	\$ 43,598	\$ -	\$ 491,922	8.86%
2017	\$ 39,265	\$ 39,265	\$ -	\$ 492,063	7.98%
2016	\$ 39,048	\$ 39,048	\$ -	\$ 507,542	7.69%
2015	\$ 39,286	\$ 39,286	\$ -	\$ 533,229	7.37%
Municipal Police Employees' Retirement System					
2020	\$ 79,091	\$ 79,091	\$ -	\$ 470,815	16.80%
2019	\$ 92,536	\$ 92,536	\$ -	\$ 485,851	19.05%
2018	\$ 77,307	\$ 77,307	\$ -	\$ 408,662	18.92%
2017	\$ 102,991	\$ 102,991	\$ -	\$ 397,754	25.89%
2016	\$ 62,751	\$ 62,751	\$ -	\$ 372,838	16.83%
2015	\$ 55,388	\$ 55,388	\$ -	\$ 343,753	16.11%

* The amounts presented have a measurement date of June 30

OTHER SUPPLEMENTARY INFORMATION

Town of Homer
Non-major Governmental Funds – Combining Balance Sheet
December 31, 2020

	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 12,424	\$ 6,055	\$ 8,306	\$ 26,785
Receivables, net	12,505	5,452	-	17,957
Total assets	<u>\$ 24,929</u>	<u>\$ 11,507</u>	<u>\$ 8,306</u>	<u>\$ 44,742</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 148	\$ 148
Total liabilities	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>
Fund balance:				
Restricted fund balances	<u>24,929</u>	<u>11,507</u>	<u>8,158</u>	<u>44,594</u>
Total fund balance:	<u>24,929</u>	<u>11,507</u>	<u>8,158</u>	<u>44,594</u>
Total liabilities and fund balance:	<u>\$ 24,929</u>	<u>\$ 11,507</u>	<u>\$ 8,306</u>	<u>\$ 44,742</u>

Town of Homer

**Non-major Governmental Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2020**

	<u>Recreation</u>	<u>Contingency</u>	<u>Tourism</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes:				
Sales and use	\$ 106,226	\$ 48,593	\$ -	\$ 154,819
Other taxes, penalties and interest	-	-	18,782	18,782
Interest earned	145	132	36	313
Other revenues	11,528	-	-	11,528
Total revenues	<u>117,899</u>	<u>48,725</u>	<u>18,818</u>	<u>185,442</u>
EXPENDITURES				
Current:				
Culture and recreation	89,291	-	-	89,291
Economic development	-	-	24,416	24,416
Debt service:				
Principal	31,687	-	-	31,687
Interest expense	9,774	-	-	9,774
Total expenditures	<u>130,752</u>	<u>-</u>	<u>24,416</u>	<u>155,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,853)</u>	<u>48,725</u>	<u>(5,598)</u>	<u>30,274</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	17,000	-	13,200	30,200
Operating Transfers out	-	(45,894)	-	(45,894)
Total other financing sources and uses	<u>17,000</u>	<u>(45,894)</u>	<u>13,200</u>	<u>(15,694)</u>
Net change in fund balances	4,147	2,831	7,602	14,580
Fund balances at beginning of year	20,782	8,676	556	30,014
Fund balances at end of year	<u>\$ 24,929</u>	<u>\$ 11,507</u>	<u>\$ 8,158</u>	<u>\$ 44,594</u>

Town of Homer
Schedule of Compensation to Board of Selectmen
For the Year Ended December 31, 2020

Verletha Adams	\$ 2,800
Linda Hardaway	4,800
Patricia Jenkins	4,800
Keldron L. Johnston	4,800
Brandon Rich	1,600
Johnny West	4,800
Total	<u>\$ 23,600</u>

Town of Homer

**Schedule of Compensation, Benefits, Reimbursements and Other Payments to or
on Behalf of Agency Head
For the Year Ended December 31, 2020**

Xanthe Seals, Mayor	
Salary	\$ 48,000
Retirement	13,740
Payroll Taxes	696
Insurance	7,774
Supplies	67
Conference Travel	986
Total	<u>\$ 71,263</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

**Independent Auditors' 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 Honorable Xanthe Seals, 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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Homer's basic financial statements and have issued our report thereon dated July 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Homer'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Homer'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Homer'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 2020-001, 2020-004, and 2020-005.

Town of Homer's Response to Findings

Town of Homer's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Homer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Shreveport, Louisiana
July 29, 2022



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Homer's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Homer's major federal programs for the year ended December 31, 2020. Town of Homer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Homer's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Homer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Homer's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Homer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Town of Homer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Homer's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Homer's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 that we consider to be material weaknesses.

Town of Homer's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Homer's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Shreveport, Louisiana

July 29, 2022

Town of Homer
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor Name/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
Department of Transportation			
Airport Improvement Program	20.106	3-22-0019-008-2019	\$ 39,259
Airport Improvement Program	20.106	3-22-0019-009-2020	79,297
Total Airport Improvement Program			118,556
Total Department of Transportation			118,556
United States Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds	66.458	LDEQ.CS-221855-01	46,064
Total United States Environmental Protection Agency			46,064
United States Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	908,623
Total United States Department of Agriculture			908,623
Total Expenditures of Federal Awards			\$ 1,073,243

The Town did not provide federal funds to sub-recipients for the year ended December 31, 2020.



A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Town of Homer. The Town of Homer reporting entity is defined in Note 1 to the Town of Homer’s general purpose financial statements. All Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town of Homer’s financial statements.

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the Town of Homer’s financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2020:

Federal revenues per financial statements	\$	1,016,196
USDA project expenditures from loan proceeds received in prior year		57,047
Expenditures for Schedule of Expenditures of Federal Awards	\$	1,073,243

D. Federal Indirect Cost Rate

The Town of Homer did not elect to use the 10% de minimis federal indirect cost rate for the year ended December 31, 2020.

E. Subrecipients

The Town of Homer did not provide federal funds to any subrecipients during the year ended December 31, 2020.



F. Loans

The Schedule of Expenditures of Federal Awards and related notes include certain loans and loan guarantees outstanding as presented in the following schedule. Outstanding loan balances are only presented for those programs with significant continuing compliance requirements other than repayment.

Loan:	Balance at December 31, 2020
EPA/LDEQ - CWSRF	\$ 1,877,703
USDA - Water and Waste Disposal Systems for Rural Communities Loan	1,995,000
Total Loans	\$ 3,872,703

G. Federally Funded Insurance

The Town of Homer has no federally funded insurance.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

The auditors' report expresses a qualified opinion on the financial statements in accordance with GAAP.

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to the financial statements noted? yes no

Federal Awards

Type of auditors' report issued on compliance for major programs:

Unmodified

Internal control of major programs:

- Material weaknesses identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))? yes none reported

The programs tested as major programs included:

Assistance Listing Number 10.760	Program Name Water and Waste Disposal Systems for Rural Communities
--	---

Dollar threshold used to distinguish between Type A and B programs: \$750,000

- Auditee qualified as a low-risk auditee? yes no

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

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

2020-001 Timely Filing of Audit Report

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

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

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

Effect: Noncompliance with Louisiana Revised Statute 24:513.

Cause: The Town’s audit for the year ended December 31, 2020 did not start until the reporting deadline had passed.

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: The Town will take the necessary steps to implement a process to ensure that all future audits are submitted to the LA Legislative Auditor in a timely manner.

2020-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

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

Criteria or Specific Requirement: Internal controls over financial reporting should be designed to provide reasonable assurance regarding management’s assertions of financial statement transactions and balances for the reporting period.

Condition: Financial accounts were not properly reconciled and a significant number of material audit adjustments were required.

Effect: The Town is at an increased risk of material misstatement or potential fraud due to a lack of internal controls.

Cause: The Town does not have the resources available to provide for proper segregation of duties and a proper internal control structure to ensure transactions and balances are appropriate.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Recommendation: We recommend the Town implement additional procedures to ensure appropriate financial and transactional reporting.

Views of responsible officials and corrective action plan: The town will implement procedures to ensure adequate internal controls of financial reporting and account balances are properly recorded at year-end.

2020-003 Sales Tax Allocations

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

Criteria or Specific Requirement: All revenues of the individual funds should be in accordance with the with the ordinances as written and properly supported by Town Council determinations.

Condition: Sales tax allocations do not appear to be in accordance with the sales tax ordinances as they were originally written and passed by the voters and no subsequent revisions were identified.

Effect: Revenues of the individual funds may be materially misstated, which has the potential to affect fund balances.

Cause: The Town is using a sales tax allocation spreadsheet developed by prior financial consultants, used by prior administrations, but there is a lack of supporting documentation to reconcile to the sales tax ordinances as passed by the voters.

Recommendation: We recommend the Town conduct a study on the sales tax ordinances and develop an allocation method that is in accordance with the ordinances as originally written, then unassigned amounts may be properly allocated in accordance with Town Council's approval.

Views of responsible officials and corrective action plan: The Town will review sales tax ordinances and develop an allocation method that is in accordance with ordinances to ensure that allocations are distributed properly in accordance with Town Council approval.

Section III – Federal Award Findings and Responses

2020-004 Written Policies

Federal Program, Assistance Listing # and Year, Federal Agency, Pass-Through Entity:
Water and Waste Disposal Systems for Rural Communities, Assistance Listing #10.760, 2020, U.S. Department of Agriculture.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Criteria or Specific Requirement: 2 CFR 200, Subparts D&E of the Uniform Guidance requires non-federal entities to maintain written policies and procedures and standards of conduct related to its federal awards.

Condition: Written policies are not developed by the Town of Homer as its relates to its federal awards and grants management.

Effect: Noncompliance with the requirements of 2 CFR 200, Subparts D&E.

Questioned Cost: None

Cause: The Town of Homer has not developed written policies as its relates to its federal awards and grants management.

Recommendation: We recommend the Town of Homer develop written policies related to its federal awards and grants management.

Views of responsible officials and corrective action plan: The Town will develop written policies as it relates to federal awards and grants management.

2020-005 Financial Reporting

Federal Program, Assistance Listing # and Year, Federal Agency, Pass-Through Entity:

Water and Waste Disposal Systems for Rural Communities, Assistance Listing #10.760, 2020, U.S. Department of Agriculture.

Criteria or Specific Requirement: 7 CFR 1780.47 requires annual management reports prior to the beginning of each fiscal year. 2 CFR 200.303(a) requires non-federal entities to establish and maintain effective internal controls over federal awards.

Condition: Form RD 442-2 and Form RD 442-3 or audited financial statements were not submitted to the federal oversight agency.

Effect: Noncompliance with the compliance requirements set forth in the compliance supplement.

Questioned Cost: None

Cause: The client did not have proper internal controls in place to ensure compliance with reporting compliance requirement.

Town of Homer
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Recommendation: We recommend the client implement policies and procedures to ensure controls are in place to comply with all necessary and applicable compliance requirements and the client file reports required by the federal awarding agency in a timely manner.

Views of responsible officials and corrective action plan: The Town will implement policies and procedures to ensure controls are in place to comply with all necessary and applicable compliance requirements.

Town of Homer
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended December 31, 2019

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

2019-001 Internal Control over Payroll

Status: Resolved

2019-002 Noncompliance with LA Public Bid Law

Status: Resolved

2019-003 Noncompliance with Budget Act

Status: Resolved

2019-004 Failure to Update Receivables and Payables

Status: See 2020-003

2019-005 Payroll Transfers Recorded in Wrong Period

Status: Resolved

2019-006 Authorization for Allocation of Sales Tax Revenue Not Clearly Documented

Status: See 2020-003

Section III – Federal Award Findings and Responses

None reported

Shenika Wright
Town Clerk



Lori Graham
Town Attorney

Dr. Xanthe Y. Seals, Mayor

**Corrective Action Plan
For the Year Ended December 31, 2020**

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

2020-001 Timely Filing of Audit Report

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

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

Corrective Action Plan: The Town will take the necessary steps to implement a process to ensure that all future audits are submitted to the LA Legislative Auditor in a timely manner.

Person Responsible for Corrective Action: Shenovia Harris, Town Treasurer

Anticipated Completion Date: FYE December 31, 2022

2020-002 Lack of Internal Controls / Account Balances / Adjustments / Reconciliations

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

Condition: Financial accounts were not properly reconciled and a significant number of material audit adjustments were required.

Corrective Action Plan: The Town will implement procedures to ensure adequate internal controls of financial reporting.

Person Responsible for Corrective Action: Shenovia Harris, Town Treasurer

Anticipated Completion Date: FYE December 31, 2022

2020-003 Sales Tax Allocations

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

Condition: Sales tax allocations do not appear to be in accordance with the sales tax ordinances as they were originally written and passed by the voters and no subsequent revisions were identified.

Corrective Action Plan: The Town will review sales tax ordinances and develop an allocation method that is in accordance with ordinances to ensure that allocations are distributed properly in accordance with Town Council approval.

Person Responsible for Corrective Action: Shenovia Harris, Town Treasurer

Anticipated Completion Date: FYE December 31, 2022

Section III – Federal Award Findings and Responses

2020-004 Written Policies

Federal Program, Assistance Listing # and Year, Federal Agency, Pass-Through Entity:

Water and Waste Disposal Systems for Rural Communities, Assistance Listing #10.760, 2020, U.S. Department of Agriculture.

Condition: Written policies are not developed by the Town of Homer as it relates to its federal awards and grants management.

Corrective Action Plan: The Town will develop written policies as it relates to federal awards and grants management.

Person Responsible for Corrective Action: Shenovia Harris, Town Treasurer

Anticipated Completion Date: FYE December 31, 2022

2020-005 Financial Reporting

Federal Program, Assistance Listing # and Year, Federal Agency, Pass-Through Entity:

Water and Waste Disposal Systems for Rural Communities, Assistance Listing #10.760, 2020, U.S. Department of Agriculture.

Condition: Form RD 442-2 and Form RD 442-3 or audited financial statements were not submitted to the federal oversight agency.

Corrective Action Plan: The Town will implement policies and procedures to ensure controls are in place to comply with all necessary and applicable compliance requirements.

Person Responsible for Corrective Action: Shenovia Harris, Town Treasurer

Anticipated Completion Date: FYE December 31, 2022