

**Town of Homer
Summary of Issues**

As of April 30, 2025

Budget for 2025 Fiscal Year/ Estimate of Revenue and Expenses

As noted in my prior quarterly report dated February 15, 2025, the budget that was adopted by the Board of Selectmen in December 2024, did not reflect the proper allocation of sales tax revenue as required by sales tax propositions and adopted sales tax ordinances. Additionally, sales tax collections through the first 3 months of 2025 are 9.78 percent lower than the first three months of 2024. The following budget summary reflects the changes in allocation and the projected reduction in sales tax revenue for 2025.

Town of Homer Budget Summary (Amended May 2025) 2025							
				EXCESS OF	OTHER	OTHER	NET CHANGE
				REVENUE OVER	FINANCING	FINANCING	FUND
FUND	REVENUE	EXPENSES	EXPENSES	SOURCES	USES		BALANCE
GENERAL FUND	\$ 1,254,532.00	\$ (873,830.00)	\$ 380,702.00	\$ -	\$ (340,000.00)		\$ 40,702.00
POLICE FUND	\$ 442,740.00	\$ (482,247.00)	\$ (39,507.00)	\$ 14,760.00	\$ (61,000.00)		\$ (85,747.00)
FIRE FUND	\$ 75,050.00	\$ (99,200.00)	\$ (24,150.00)	\$ -	\$ -		\$ (24,150.00)
STREET FUND	\$ 316,614.00	\$ (353,374.00)	\$ (36,760.00)	\$ 90,000.00	\$ (53,000.00)		\$ 240.00
RECREATION FUND	\$ 145,895.00	\$ (65,730.00)	\$ 80,165.00	\$ -	\$ (80,000.00)		\$ 165.00
HOTEL/TOURISM FUND	\$ 35,070.00	\$ (55,389.00)	\$ (20,319.00)	\$ 21,000.00	\$ -		\$ 681.00
INDUSTRIAL FUND	\$ 5,845.00	\$ (13,755.00)	\$ (7,910.00)	\$ 8,000.00	\$ -		\$ 90.00
CONTINGENCY FUND	\$ 5,829.00	\$ -	\$ 5,829.00	\$ -	\$ (15,760.00)		\$ (9,931.00)
ENTERPRISE FUND	\$ 2,719,650.00	\$ (1,829,800.00)	\$ 889,850.00	\$ -	\$ (843,060.00)		\$ 46,790.00

The amended budget will be presented to the Board of Selectmen at their May 2025 regular board meeting.

The police fund budget is currently projected to have an \$85,000 deficit at the end of 2025 based on current revenue and expense levels. On April 14, 2025, I notified the mayor, board of selectmen, and the chief of police of this projected shortfall and informed them that I would be seeking to enter into an agreement with the Claiborne Parish Sheriff to provide law enforcement services for the Town of Homer. This is discussed further in the Public Safety and Law Enforcement section of this summary.

The Contingency Fund shows a deficit due to the use of prior year’s fund balance to provide funding for the operations of police (\$14,760) and industrial funds (\$1,000). The town had been using sales tax to fund the contingency fund; however, the sales tax ordinances do not provide for this use. Therefore, no additional funding is being provided to the contingency fund and the budget only reflects what was available. The fire fund shows a deficit; however, spending will come from the use of prior year fund balance for funding 2025 operations. In future years, part of the sales tax allocation can be used for fire services.

The original and amended 2025 budget was prepared using information that was available and includes the increased revenue from water and sewer in the enterprise fund and includes \$741,000 in the enterprise fund for bond principal, interest, and reserves. This budget also includes amounts

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in general, police, street, recreation, industrial, and enterprise funds for past-due and unpaid obligations from 2023 and 2024 as well as unpaid payroll taxes.

Sales Tax Allocation

As noted in my prior quarterly report dated February 15, 2025, the town had not been properly allocating sales tax revenue to the appropriate fund for the past several years. We have changed the allocation, and the board adopted the allocation in February 2025; however, adjustments were still needed and a revised allocation using the projected sales tax revenue for the year was adopted in April 2025.

Propositions approved by the voters for each of these taxes have specific language as to the use of the taxes and I am continuing to review this language to ensure that we are using the tax funds as authorized. Even though I am comfortable with the newly adopted allocation, it may be necessary to take a new proposition to the voters in the Town of Homer to change the authorized uses of sales tax revenue. The Town of Homer has changed since the original propositions were approved and it may be necessary to change the dedication of funds.

Enterprise fund revenue will increase from sales taxes as the ordinance and proposition for the 2015 garbage sales tax specifies that the tax is dedicated and to be used primarily for residential garbage collections with any remaining proceeds for maintenance, improvements, equipment and materials for public works as follows: Public Streets and Parks 1/3, Water/Sewer Utility System 1/3, and Public Safety and Law Enforcement 1/3. The prior allocation did not use the garbage sales tax to first fund residential garbage services. Because of an increase in garbage service contractor provider fees, the Board of Selectmen authorized an \$8 fee per garbage customer to offset the increase in cost. This was an improper fee increase, and the board never knew that the sales tax was dedicated for these purposes before the funds could be used for any other purpose. In February 2025, the board rescinded this \$8 fee per customer. All other funds will have a decrease in sales tax revenue as a result of the new allocation.

2025 Sales Tax Allocation				
Total Projected Sales Tax Collections				
Fund	Sales Tax Type	New	Prior	Difference
General Fund	General Sales	\$ 84,000.00	\$ 225,600.00	\$ (141,600.00)
	Rededicated	\$ 420,000.00	\$ 411,720.00	\$ 8,280.00
	Garbage	\$ 84,000.00	\$ -	\$ 84,000.00
	TOTAL	\$ 588,000.00	\$ 637,320.00	\$ (49,320.00)
Street	General Sales	\$ 288,000.00	\$ 169,200.00	\$ 118,800.00
	Rededicated	\$ -	\$ 2,820.00	\$ (2,820.00)
	Garbage	\$ -	\$ 146,640.00	\$ (146,640.00)
	TOTAL	\$ 288,000.00	\$ 318,660.00	\$ (30,660.00)

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Police	General Sales	\$ 96,000.00	\$ 56,400.00	\$ 39,600.00
	Rededicated	\$ 144,000.00	\$ 141,000.00	\$ 3,000.00
	Garbage	\$ 24,004.80	\$ 101,520.00	\$ (77,515.20)
	Special	\$ 141,000.00	\$ 141,000.00	\$ -
	TOTAL	\$ 405,004.80	\$ 439,920.00	\$ (34,915.20)
Recreation	General Sales	\$ 48,000.00	\$ 28,200.00	\$ 19,800.00
	Rededicated	\$ -	\$ 2,820.00	\$ (2,820.00)
	Garbage	\$ 23,997.60	\$ 45,120.00	\$ (21,122.40)
	Special	\$ 70,600.00	\$ 70,600.00	\$ -
	TOTAL	\$ 142,597.60	\$ 146,740.00	\$ (4,142.40)
Fire	General Sales	\$ 48,000.00	\$ 28,200.00	\$ 19,800.00
	Rededicated	\$ -	\$ 2,820.00	\$ (2,820.00)
	Garbage	\$ -	\$ 84,600.00	\$ (84,600.00)
	TOTAL	\$ 48,000.00	\$ 115,620.00	\$ (67,620.00)
Contingency	General Sales	\$ -	\$ 56,400.00	\$ (56,400.00)
Enterprise	Rededicated	\$ -	\$ 2,820.00	\$ (2,820.00)
	Garbage	\$ 431,997.60	\$ 186,120.00	\$ 245,877.60
	TOTAL	\$ 431,997.60	\$ 188,940.00	\$ 243,057.60
		\$ 1,903,600.00	\$ 1,903,600.00	\$ (0.00)

Public Safety and Law Enforcement

The 2025 fiscal year amended budget includes \$442,740 of revenue for police activities. These activities are funded primarily from sales taxes (91% of budgeted revenue) and there is only \$15,690 budgeted for Mayors Court Fines based on recent history. Even if Mayors Court Fines are tripled to \$45,000, total revenue would only increase by \$30,000 for the year. There is also \$13,742 budgeted for transfers to the police fund from the contingency fund. The Town of Homer Police Department has limited resources to provide law enforcement activities in the town. Currently, there are only three officers, including the elected Chief of Police, and five dispatchers employed by the Homer Police Department. Approximately \$92,000 was paid to dispatchers in 2024. The amended budget projects expenses of \$482,247 based on current expenses.

The budget will have to be cut by approximately \$85,000. The only way to achieve this cut is by further reducing the payroll expenses which means additional officers/dispatchers will have to be released from employment. This further impacts the town's ability to provide law enforcement activities. As mentioned previously herein, I notified the mayor, board members, and chief of police of the projected shortfall and informed them of my intent to seek an arrangement with the Claiborne Parish Sheriff to provide law enforcement services for the town. I plan to meet with the sheriff to further discuss this alternative. Any agreement must be funded within the revenue available. If the police department cuts are in place by July 1, 2025, approximately \$120,000 will be

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available for the remainder of 2025. In future years, the amount available will be greater due to reductions in insurance, utilities, data processing, equipment expenses, professional expenses, vehicle expenses, and the payment of past due obligations from 2024. The Homer City Marshal, who serves as the Chief of Police, is an elected position and his salary and benefits cannot be reduced during his term of office. If an agreement cannot be reached, I will have no option but to further reduce the police department personnel without the benefit of having the Sheriff's Office provide law enforcement.

As noted in my last quarterly report, the Claiborne Parish Sheriff has not been providing the dispatch function for the Town of Homer. However, the Sheriff has a significant presence in the Town of Homer with his deputies and responds to calls within the town. For the months of September 2024, through February 2025, the Sheriff has submitted invoices totaling \$75,000 for Homer city limit calls. There are no funds budgeted for this purpose. The Sheriff also collects the property taxes on behalf of the town and deducted his September through December invoices totaling \$61,000 from the property tax collections that were remitted to the town. In early April 2025, the Sheriff returned the \$61,000 in property taxes that were withheld from the collections.

This is an ongoing issue, and I continue to seek a solution that will provide the citizens of Homer with law enforcement activities that are within the funds available.

Fuel Theft

The town provides fuel cards for use by employees at Crump Oil Company in Homer for purchasing fuel for town vehicles. After reviewing the Crump Oil billings, we noted that there appeared to be some questionable usage of certain fuel cards. We contacted Crump Oil and asked to obtain the video files of fuel purchases for certain cards. An employee at Crump Oil was extremely helpful and provided JPEG images and/or video files of each of the card uses in personal vehicles from May 27, 2024 (video files were no longer available prior to this date) through February 5, 2025. These images reveal that, during this 8-month period of time, two former Town of Homer police officers incurred over \$7,000 in fuel purchases for personal vehicles using the cards.

Our external accountant reviewed all the files supplied by Crump Oil personnel and created a schedule of the improper fuel purchases. We then contacted the Claiborne Parish Sheriff to further investigate our findings which resulted in warrants being issued for the two former police officers on theft charges. My last update from the Sheriff was that one had been arrested, and the other is on the run.

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

American Rescue Plan Act

The 2021 audit report for the Town of Homer disclosed that elected officials, such as a mayor or council member, would not be considered essential worker/front-line employees and not eligible to receive compensation under the American Rescue Plan Act. The 2021 audit is dated February 13, 2023, yet no action has been taken by the town to recover the improper compensation. Mayor Seals and five council members each received \$2,000 as premium pay. The payments were never

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budgeted nor were the payments approved by the Board of Selectmen. On March 30, 2025, I sent letters to each of the council members and the mayor requesting repayment of the \$2,000 improper payments. My letter requested that the funds be repaid by April 11, 2025; however, as of April 28, 2025, only \$200 has been repaid (\$100 each for two former council members). I will be discussing this further with the District Attorney of the 2nd Judicial District.

The 2022 audit report for the Town of Homer disclosed that \$300,000 of Coronavirus State and Local Fiscal Recovery Funds were transferred to the Enterprise Fund for the purpose of making bond payments for the year ended December 31, 2022. The use of these funds for bond payments is not permitted. The transfers were never budgeted nor were they approved by the Board of Selectmen. The improper use of the funds for bond payments could result in requirements that the funds be repaid to the U.S. Department of Treasury and/or face other penalties. If repayment becomes necessary, this will add to an already tremendous burden of unpaid and past due obligations.

Approximately \$725,000 of Coronavirus State and Local Fiscal Recovery Funds were used for other purposes that may be allowable expenses; however, the use of these funds was never budgeted nor approved by the Board of Selectmen.

Issues Reported on October 31, 2024, and February 15, 2025, With Updates

Accounting Issues

As previously reported, the town had not properly accounted for transactions. We have corrected these issues going forward and implemented internal controls over financial transactions to ensure the accuracy and reliability of financial information. We have a new external accountant who reviews transactions, prepares bank reconciliations, and prepares monthly profit and loss financial statements.

1. **Accounts Payable** As previously reported, accounts payable had not been entered into the accounting system since March 2024. We have now corrected the posting of accounts payable and have internal controls in place to ensure the proper recording of transactions. The accounts payable for the town as of April 28, 2025 are:

Fund	Total Per QuickBooks	Accounts Payable Greater than 90 Days	Accounts Payable Less Than 90 Days
General Fund	\$43,644	\$15,907	\$27,727
Enterprise Fund	\$103,666	\$7,275	\$96,391
Street Fund	\$69,297	\$78,057	(\$8,760)
Recreation Fund	\$74,828	\$46,599	\$28,229
Polce Fund	\$46,298	\$45,629	\$669
Fire Fund	\$434	\$0	\$434
Industrial Fund	\$0	\$0	\$0
Hotel Fund	\$163	\$0	\$163

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Department of Motor Vehicles	\$338	\$0	\$338
Contingency Fund	\$0		\$0
TOTAL	\$338,668	\$193,467	\$145,191

In my last quarterly report dated February 15, 2025, total accounts payable were \$430,317 and accounts payable greater than 90 days old were \$336,164. We are making progress in taking care of old outstanding debt.

As of February 5, 2025, the following are the known significant payables to vendors.

Entergy	\$82,290
Huntington Bank	\$43,375
Casha's Tax Service	\$7,500
Jackson Parish Sheriff	\$45,629
Tech Serve	\$57,750
Live View Technologies	\$33,404
VISA	\$7,191
TOTAL	<u>\$277,139</u>

Significant payables in my last quarterly report dated February 15, 2025 were \$360,114. We have been attempting to pay most of these as we have funds available. Funds are not currently available to pay all these obligations and pay current operating expenses. There are also payments due for bonds and unpaid payroll taxes as shown later in this summary.

2. **Bank reconciliations** As previously reported, bank reconciliations were not prepared on any of the towns' bank accounts for all of 2024 and 5 to 6 months of 2023. Bank reconciliations have now been prepared and continue to be prepared each month, and the numerous transactions that were not previously recorded have been entered.

Obviously, bank reconciliations were not reviewed by the mayor, treasurer, or anyone else employed by the town or these discrepancies would have been detected and corrected in a timely manner.

3. **Monthly Financial Statements** are now accurate and reliable. The first reliable profit and loss statements for the month of January 2025 were prepared by the new contract accountant and presented to the Board of Selectmen at their February 10, 2015, meeting. Subsequently, at the March and April board meetings, financial statements for February and March were presented and discussed in detail with the board members and mayor. These financial statements included a comparison of budget to actual.
4. **Records** As previously reported, records such as invoices, deposit receipts, contracts, bond documents, etc. are not always readily available or easily located. We struggled to locate documents to support financial transactions. The files for 2024 transactions are

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incomplete and disorganized. To determine what is owed by the town, we have had to contact vendors to obtain copies of invoices. Additionally, we have been unable to locate deposit receipts for bank deposits for some transactions.

Records are now being maintained; however, there are still certain documents from 2023 and 2024 that we have been unable to locate.

5. **Expenses** were often paid by and recorded to the wrong fund and expenses that were paid by one fund for multiple funds such as insurance, workers compensation, auto leases, utilities, health insurance and payroll were not consistently or were not allocated to the appropriate fund for which the expense was incurred. Transfers from one fund to another were often not recorded in the accounting records. On occasion, expense payments were duplicated in two or more funds.

Transactions are now being recorded, and financial activity is monitored, we have made significant progress in getting accurate and reliable financial information from which we can oversee and manage the operations of the Town of Homer. While we have corrected many of the problems from 2023 and 2024, there are still some issues remaining that will be addressed as we continue to review information.

Budget and Monitoring of Revenue & Expenses

1. **Budgeted** revenue and expenses were not monitored each month by the mayor or the town treasurer. As previously mentioned, financial statements with a budgetary comparison were prepared and submitted each month to the mayor and board of selectmen by the contract accountant. Also as previously mentioned, these statements were incomplete, inaccurate, and unreliable. Because the contract accountant had not performed bank reconciliations, she knew that the statements were inaccurate, and the town treasurer knew that accounts payable were not entered which impacted the reported expense totals. This caused a misleading budget to actual comparison that was presented to and reviewed by the board. The mayor also reviewed the monthly financial statements and should have known that the statements were inaccurate and unreliable.

We are now monitoring revenue and expenses each month and comparing to budgeted amounts. As previously mentioned, we are also preparing monthly financial statements with budgetary comparisons for presentation and discussion with the Board of Selectmen. We are using the budget to manage the operations of the town.

2. **Spending** As previously reported, spending was not based on the budget approved by the Board of Selectmen. As mentioned in one above, there was no monitoring of the budget to actual revenue and expenses.

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Spending is now based on amounts approved in the budget approved by the Board of Selectmen. If spending levels need to be changed because of unrecognized issues, we will make these changes within the constraints of the revenue available to the town.

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Analysis of Budget to Actual						
2019 thru 2024						
	2019	2020	2021	2022	2023	2024
	Budget to Actual	Budget to Actual	Budget to Actual	Budget to Actual	Budget to Actual	Budget to Actual
	Net Change	Net Change	Net Change	Net Change	Net Change	Net Change
	Fund Balance	Fund Balance	Fund Balance	Fund Balance	Fund Balance	Fund Balance
	Favorable	Favorable	Favorable	Favorable	Favorable	Favorable
	(Unfavorable)	(Unfavorable)	(Unfavorable)	(Unfavorable)	(Unfavorable)	(Unfavorable)
General Fund	(19,715.00)	252,481.00	160,427.00	(73,551.00)	(226,643.00)	505,041.00
Police Fund	(1,112.00)	(43,579.00)	(81,606.00)	9,013.00	(316,366.00)	(479,124.00)
Street Fund	(4,248.00)	13,450.00	(31,336.00)	12,238.00	(54,485.00)	(190,882.00)
Recreation Fund	(3,946.00)	25,508.00	(11,573.00)	14,759.00	(39,227.00)	(58,811.00)
Industrial Fund	(130.00)	(90,741.00)	(25,448.00)	4,929.00	(17,332.00)	16,005.00
Fire Fund	2,845.00	10,271.00	(12,966.00)	(17,301.00)	(43,977.00)	(28,699.00)
Hotel/Tourism Fund	(52.00)	7,809.00	(326.00)	1,504.00	(7,391.00)	(24,964.00)
Enterprise Fund	27,222.00	127,537.00	(177,473.00)	(83,798.00)	(392,035.00)	335,196.00
Total Net Under Spent (Over Spent) Budget	864.00	302,736.00	(180,301.00)	(132,207.00)	(1,097,456.00)	73,762.00
			Federal ARPA Funds Received >	524,704.00	524,935.00	
			(Not Incorporated into Budget)			

The above analysis presents the changes in fund balance over the past six years for each fund and the total net effect for each year. In 2021, the town spent \$180,301 more than was budgeted for the year. In 2022, the town spent \$132,207 more than was budgeted for the year. The town received American Rescue Plan Act Funds during these two years; however, the funds were not budgeted. The spending levels continued into 2023, and the town spent \$1,097,456 more than was budgeted for the year. In August 2024, I began my role as fiscal administrator and started making spending cuts; however, spending practices continued through the first 7 months of 2025. As presented in the personnel section later in this summary, wages increased significantly.

- Budget Amendment for 2024 and Budget for 2025** Budget amendments for 2024 were not prepared because of the inaccuracies in the accounting records and the uncertainties of bond payment restructuring. The 2025 budget was prepared and approved prior to the beginning of the 2025 fiscal year. As previously mentioned herein, a budget amendment will be presented to the board at their May 2025 meeting, and we will continue to monitor all budgetary issues.

Payroll and Payroll Taxes

- Payroll Forms 941 and L1** As previously reported payroll tax forms were not filed with the Internal Revenue Service or the Louisiana Department of Revenue for the 3rd and 4th quarters 2023 and the 1st and 2nd quarters of 2024. Payroll taxes were not remitted to the IRS or the Louisiana Department of Revenue for these quarters and most of the third quarter of 2024. All forms have now been filed; however, the tax liability has not been paid.

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2. **Payroll Tax Liability**, based on payroll entries to the accounting system, for unpaid payroll taxes is as follows.

Town of Homer Payroll Liabilities for 2023 and 2024			
Description	2023	2024	Total
Federal Withholding	\$36,582	\$44,652	\$81,234
Medicare Employee	\$9,837	\$12,140	\$21,977
Social Security Employee	\$21,167	\$27,635	\$48,802
Medicare Employer	\$9,837	\$12,140	\$21,977
Social Security Employer	\$21,167	\$27,635	\$48,802
Louisiana Withholding	\$8,534	\$15,412	\$23,946
TOTAL TAXES	\$107,124	\$139,614	\$246,738

In addition to the unpaid federal payroll taxes, as of April 30, 2025, the Internal Revenue Service has levied interest and penalties as follows.

Federal Payroll Taxes Penalties and Interest Assessed As of December 23, 2024					
Quarter	Failure to File Penalty	Failure to Pay Penalty	Failure to Make Proper Tax Deposit Penalty	Interest	Total
3 rd Quarter 2024			\$3,524		\$3,524
2 nd Quarter 2024	\$6,328	\$1,172	\$7,031	\$1,756	\$16,287
1 st Quarter 2024	\$9,470	\$1,684	\$6,314	2,785	\$20,253
4 th Quarter 2023	\$12,822	\$3,134	\$8,548	\$5,237	\$29,741
3 rd Quarter 2023	\$7,709	\$2,398	\$5,166	\$4,070	\$19,343
2 nd Quarter 2023	\$1,651	\$624	\$2,464	\$1,067	\$5,806
1 st Quarter 2023	\$43	\$18	\$0	\$30	\$91
12/31/2021 W-2s	\$11,000			\$1,035	\$12,035
TOTAL PENALTIES and INTEREST	\$49,023	\$9,030	\$33,047	\$15,980	\$107,080

The total liability for federal and state payroll taxes, as of December 23, 2024, including penalties and interest is \$353,816. Additional penalties and interest may be assessed. On January 13, 2025, I met with an Internal Revenue Service Agent in Shreveport, LA to discuss the unpaid tax liabilities, to request a payment plan and to request the abatement of penalties. The agent I met was unable to help because of the large amount owed. I requested that an IRS Officer be assigned to the Town of Homer, and he stated he would submit the request. I also completed the appropriate forms for the abatement of penalties and sent a letter requesting a payment plan and assistance with the interest charges. I have not heard anything from this request.

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The IRS abated the penalty for the December 31, 2022 failure to file penalty totaling \$11,250., and this penalty was removed from the above schedule. Ultimately, I hope the IRS will continue to abate the penalties and allow the town to enter into a payment plan for the unpaid taxes and interest, I am setting aside funds to pay at least 15 percent of the tax liability with the remainder to be paid over at least 3 years. This will depend on the approval of the IRS. I hope to pay the Louisiana withholding tax liability over the next 3 months.

Bond Payments and Reserves

- 1. Louisiana Department of Health (LDH) Utility Revenue Bond Series 2015 Bond Payments** As previously reported, the town did not pay the principal, interest, and administrative fees for the December 31, 2023, due date on their bonds totaling approximately \$135,000. The town also did not pay the June 1, 2024, interest and administrative fees payment totaling approximately \$29,000. Approximately \$136,000 was also due December 1, 2024. I have been working with bond counsel for LDH to restructure these bonds and revise the payment schedule to move the unpaid balances into future years. Although a final agreement is expected prior to the May 2025 meeting of the Board of Selectmen, we do not have a final agreement. The bond counsel submitted a revised payment schedule in April 2025 for the bonds, interest, and fees. While this payment schedule may be revised after approval is obtained from LDH, we have begun making monthly payments into a bond sinking fund and a bond reserve fund. The January through April 2025 bond sinking fund payments were \$24,473 each month and this will continue until we have a final agreement, and hopefully monthly payments will be required to be made to a trustee bank. This amount includes sufficient funds to pay the interest and administrative fees that were due on December 1, 2024, to be paid on December 1, 2025. The revised schedule of payments that was submitted by bond counsel indicates that we may be able to reduce the monthly bond sinking fund payments to \$18,630 per month for the remainder of 2025. The January through April 2025 bond reserve fund payments were \$1,475 each month and this will continue monthly for five years to fully fund the bond reserve requirements. The revised schedule of payments that was submitted by bond counsel indicates that we will have to increase the monthly bond reserve fund payments to \$1,605 per month for the next five years. All payments come from water and sewer system revenue.
- 2. Louisiana Department of Environmental Quality (DEQ) Clean Water State Revolving Loan Fund Taxable Revenue Bonds, Series 2013** As previously reported, principal, interest, and administrative fees totaling approximately \$147,000 were not paid when due on December 1, 2023; however, payments were made. June 2023 and June 2024 interest and administrative fee payments totaling approximately \$14,000 were not paid when due. Approximately \$147,000 was due December 1, 2024. I have been working with bond counsel for DEQ to restructure these bonds and revise the payment schedule to move the unpaid balances into future years. Although a final agreement is expected prior to the May 2025 meeting of the Board of Selectmen, we do not have a final agreement. The bond

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counsel submitted a revised payment schedule in April 2025 for the bonds, interest, and fees. While this payment schedule may be revised after approval is obtained from DEQ, we have begun making monthly payments into a bond sinking fund and a bond reserve fund. The January through April 2025 bond sinking fund payments were \$14,578 each month and this will continue until we have a final agreement, and hopefully monthly payments will be required to be made to a trustee bank. This amount includes sufficient funds to pay the interest and administrative fees that were due on December 1, 2024, to be paid on December 1, 2025. The revised schedule of payments that was submitted by bond counsel indicates that we may be able to reduce the monthly bond sinking fund payments to \$14,527 per month for the remainder of 2025. The January through April 2025 bond reserve fund payments were \$1,300 each month and this will continue monthly for five years to fully fund the bond reserve requirements. All payments come from water and sewer system revenue.

- 3. Capital One Series 2013 Bonds** As previously reported, principal and interest totaling approximately \$156,000 were not paid when due on December 1, 2023, however, payments were made. Approximately \$159,000 was due December 1, 2024. I worked with bond counsel for Capital One to restructure these bonds and revise the payment schedule to move the unpaid balances into future years. The final agreement that was adopted by Ordinance by the Board of Selectmen provides for monthly payments to a trustee bank of \$14,327. The January through April 2025 bond reserve fund payments were \$2,666 each month and will continue monthly until the reserve requirements are met. All payments come from water and sewer system revenue.
- 4. USDA Rural Development Loan** is current as monthly draws of \$5,646 are made by USDA to repay the loan. The town has not been funding a short-lived assets account that is required by the bond documents. We have not yet begun to fund this account as we have been incurring expenses for water and/or sewer system improvements. However, we will begin funding this required account in July 2025.
- 5. Reserve Requirements** As previously reported, reserve requirements were not being met and it appears that the town had not made any effort to budget or fund these reserves over the past 4 or 5 years. The budget for 2025 now includes reserve funding and as mentioned in Items 1 through 3 above, we have started making the reserve deposits.
- 6. Water and Sewer System Revenue** As previously reported, revenue was not sufficient to pay the operating expenses of the systems and the bond and loan debts. The monthly debt service is approximately \$64,000, and this must be paid before any operating expenses. Revised rates were approved by the Board of Selectmen and were implemented beginning with the November 1, 2024, billing. (See Section below on water and sewer systems)

Water and Sewer Systems

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1. **Water and Sewer System Revenue** was not sufficient to pay operating expenses and the bonds that are secured by water and sewer systems revenues. As previously reported, in September 2024, the Louisiana Rural Water Association completed a rate study for both water and sewer rates. Their study revealed the following.
 - Water billings were only generating 89 percent of the revenue necessary to sustain the water system. The water billings need to generate at least \$1,104,900 to meet operating needs, pay bonds, and fund reserves required by the bond agreements.
 - Sewer billings are only generating 59 percent of the revenue necessary to sustain the sewer system. The sewer billings need to generate \$1,049,700 to meet operating needs, pay bonds, and fund reserves required by the bond agreements.
 - The Louisiana Rural Water Association rate study recommended the following rate changes. These changes were approved by the Board of Selectmen on October 22, 2024, to be effective on November 1, 2024.
2. **Current Revenue** is meeting the projected needs indicated in the Louisiana Rural Water Association rate study. We monitor the billings and collections each month to ensure that the billings meet the estimated financial needs and that bills are paid.

WATER RATES				
Class	Current Rate		New Rate Effective November 1	
	Base	Add per 1,000 gallons Used	Base	Add per 1,000 gallons Used
Residential Inside	\$12.45	\$6.06	\$18.00	\$7.50
Residential Outside	\$15.37	\$6.06	\$22.00	\$7.50
Commercial Inside	\$23.46	\$6.06	\$26.00	\$7.50
Commercial Outside	\$17.48	\$6.06	\$30.00	\$7.50
SEWER RATES				
Residential Inside	\$8.43	\$5.52	\$24.00	\$9.00
Residential Outside	\$9.46	\$4.94	\$28.00	\$9.00
Commercial Inside	\$19.19	\$7.07	\$32.00	\$9.00
Commercial Outside	\$13.90	\$15.56	\$36.00	\$15.56

3. **Billings for Water and Sewer Services** were not included within the Utility Billing System software program for the month of February 2024. It appears that customers were not billed for February water and sewer services. The town uses Utility Billing Systems software for billing and recording collections. There is no billing report for the month of February in the system and the billing for March 2024 does not include two months of usage. This also happened in March 2023. I still have not yet been able to determine the cause of these discrepancies.

At the end of March 2025, we billed 1,374 water and sewer customers compared to 1,463 water and sewer customers billed at the end of July 2024. This is a reduction of 89 customers. We continue to disconnect water services when bills are not paid; however, all estimates of revenue were based on 1,460 customers. We are monitoring this each month.

**Town of Homer
Summary of Issues**

- Accounts Receivable** totaled \$299,495 on April 29, 2025. We continue to disconnect when bills are not paid.

Personnel

- Payroll expenses** were approximately \$118,000 per month (projected \$1,416,000 annual amount) from January through July 2024. The town had 36 employees on August 7, 2024. After cutbacks because of the financial condition of the town, we now have 22 employees, the mayor, and five board members with a monthly payroll of approximately \$68,000 (\$816,000 annual amount).

Over the past 10 years, the number of employees and reported wages have increased dramatically. The following table shows the total wages reported from IRS Form W-3.

Wages Reported on IRS Form W-3				
Year	# of W-2s	Total Wages	Increase From Prior Year	Percent Increase
2015	59	\$853,088	N/A	N/A
2016	66	\$894,914	\$41,826	4.90%
2017	66	\$896,971	\$2,056	0.23%
2018	71	\$951,358	\$54,387	6.06%
2019	85	\$1,067,766	\$116,409	12.24%
2020	86	\$1,125,615	\$57,848	5.42%
2021	100	\$1,384,752	\$259,137	23.02%
2022	102	\$1,371,805	(\$12,948)	-0.94%
2023	100	\$1,456,936	\$85,132	6.21%
2024	96	\$1,145,679	(\$311,257)	-21.36%

The number of employees and the wages paid increased significantly beginning in 2019. The cumulative increase in wages above the 2018 level is \$1,844,407. The 2024 wages are lower because of cuts made after I came in as fiscal administrator in August 2024.

- Additional Personnel Cuts** may be necessary. As discussed previously in this summary, it will be necessary to make personnel reductions in the Homer Police Department. The extent of these cuts is not known until I can determine if an agreement can be made with the Claiborne Parish Sheriff for law enforcement.

Leased Automobiles

- Equity Lease Agreement** As previously reported, an agreement with Enterprise Fleet Management was signed by Mayor Xanthe Seals on May 10, 2021. The town had leased fourteen vehicles from Enterprise at a monthly cost of approximately \$13,000. Additionally, from September 2023 through October 2024, the town incurred nearly \$8,000 in late fees for these leases. The vehicles were assigned as follows:

Town of Homer Summary of Issues

- Mayor (1)
 - Chief of Staff and Recreation Director (1)
 - Police (5)
 - Public Works/Street (5)
 - Fire (1)
 - Animal Control (1)
2. **Vehicles Have Been Returned** Ten vehicles have been returned to Enterprise. We have not yet received complete information from Enterprise to determine our equity in the returned vehicles; however, Enterprise had estimated that the town has approximately \$50,000 in equity on these vehicles. The ten vehicles that were returned were assigned as follows:
- Mayor (1)
 - Chief of Staff & Recreation Director (1)
 - Police (4)
 - Public Works/Street (3)
 - Animal Control (1)
3. **Monthly and Annual Savings** from returning these vehicles will be approximately \$9,400 per month and \$112,800 annually.

Insurance

1. **Property and Casualty Insurance** premiums increased from \$160,000 in 2023 to \$281,000 in 2024. The premium for 2025 is \$287,861. Insurance payments are financed through First Insurance Finance and after a down payment of \$43,179 in March, 10 monthly payments of \$25,540 are due on the 8th of each month beginning April 8, 2025.
2. **General Liability and Auto Liability Insurance** changed in the 2024-2025 policy period from a deductible policy to a co-insurance policy. The town now has more financial exposure for liability claims and no reserve has been established for these purposes. The town is responsible for the first \$50,000 per accident for auto liability claims and \$25,000 per occurrence for general liability claims. I have not yet been able to establish a reserve account for liability insurance purposes and it will most likely be at least June 2025, before I can plan to set aside funds for this purpose.
3. **Workers Compensation Insurance** premiums were \$82,308 annually beginning in January 2024. The 2025 premium decreased slightly to \$80,795 annually or \$8,079 payable over ten months

Garbage Services

1. **Garbage Rates** I previously reported that there were inadequate charges to customers and/or inaccurate customer counts. At the time that I prepared my first quarterly report, I did not have all the sales tax information for the town, and I had assumed that the garbage

**Town of Homer
Summary of Issues**

tax allocation was correct. In this report, under the Sales Tax Allocation section on pages 1 through 4, I discuss the allocation of sales taxes based on the propositions approved by voters. There is no need for an additional garbage rate for residential garbage services and the \$8 per month garbage rate was rescinded by the Board of Selectmen. However, it may be necessary to revisit the rates for non-residential garbage services.

- 2. Difference in Customers Count** As previously reported there was a significant difference between Republic billings and town billings. Republic billed the town each month for 1,468 customers; however, the town only billed 1,123 garbage customers. As previously discussed herein, the town no longer bills residential garbage customers. However, on February 26, 2025, Republic and the town conducted a joint count of customers and agreed to a count of 1,364 customers.

Health Insurance

As previously reported in my prior quarterly update, the town paid health insurance premiums for former employees after they were no longer employed by the town. As of January 1, 2025, the town has paid \$32,892.42 of monthly insurance premiums to Blue Cross and Blue Shield of Louisiana for six former employees of the town. After we discovered this issue and requested that these former employees be removed from the town’s group policy, \$11,699.10 was credited to the town’s Blue Cross billing. Following is a list of these former employees, their release date, the premiums paid by the town, and the amount credited by Blue Cross.

Employee Name	Release Date	Premiums Paid by Town	Credit From Blue Cross	Difference
Denarus Bennett	November 21, 2023	\$10,619.31	\$2,506.95	\$8,112.36
Antonio Casey	April 26, 2024	\$6,599.44	\$2,506.95	\$4,092.49
Sedrick Millage	May 29, 2024	\$5,774.51	\$2,506.95	\$3,267.56
Sol Hunter, Jr.	October 22, 2024	\$1,649.86	\$835.65	\$814.21
Jeremy Pickens	October 22, 2024	\$1,649.86	\$835.65	\$814.21
Shenika Wright	May 1, 2024	\$6,599.44	\$2,506.95	\$4,092.49
TOTAL		\$32,892.42	\$11,699.10	\$21,193.32

Audits

- 1. Last Issued Audit** is for the fiscal year ended December 31, 2022.
- 2. Audit in Progress** for the fiscal year ended December 31, 2023, is in progress with an anticipated completion in May 2025.
- 3. Audits to Engage** After the 2023 audit is completed, we will engage Carr, Riggs, and Ingram to perform the December 31, 2024, audit with an anticipated completion before the end of 2025.